

# Nation's Business

● GENERAL MAGAZINE FOR BUSINESSMEN SEPTEMBER 1953

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▲ Steel spends \$1,300 a minute to grow **PAGE 30**

● Here's what labor wants next **PAGE 32**

Russia gains on us **PAGE 25**





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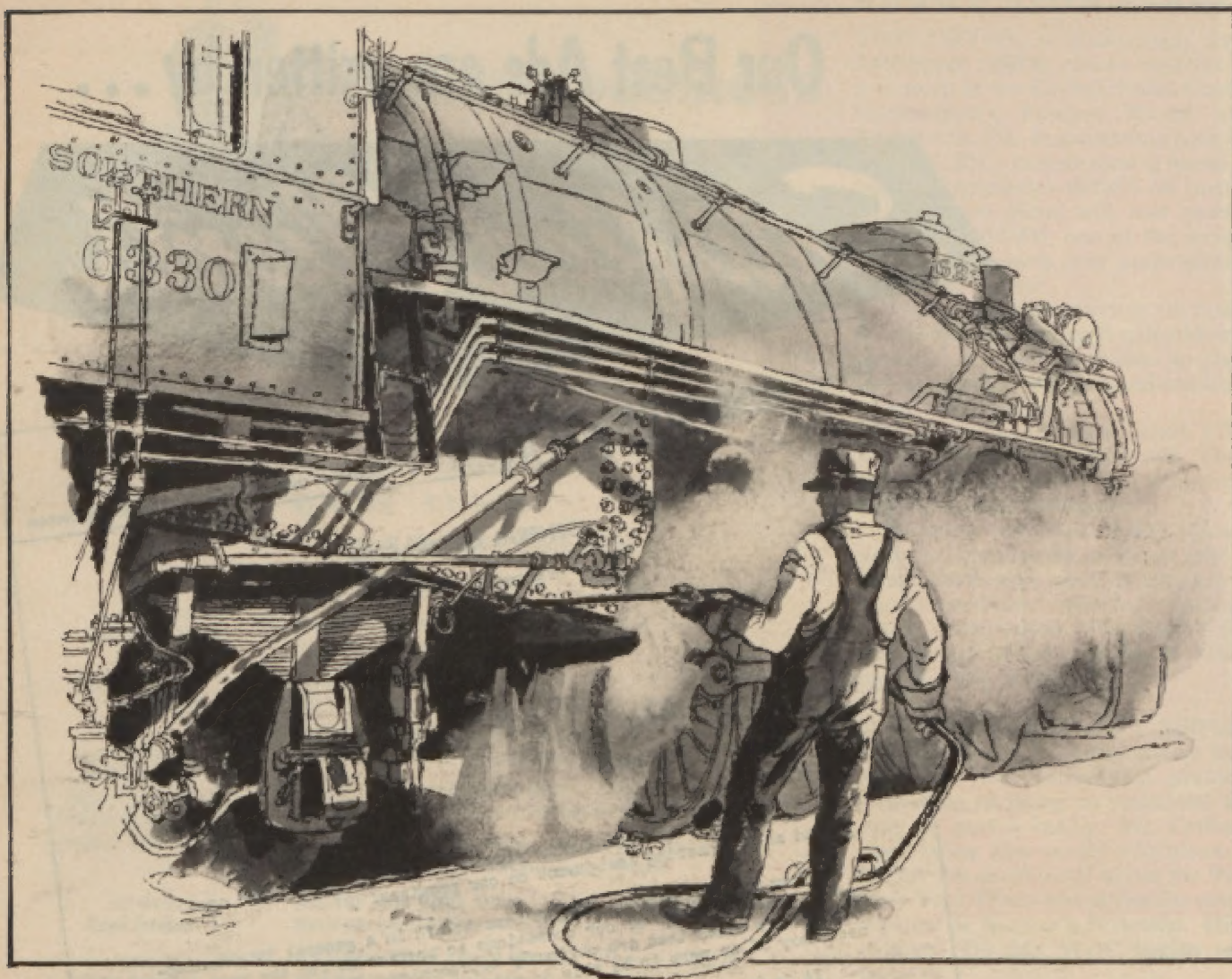
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President



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# nation's business

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## ABOUT THIS ISSUE

THE COVER, a photograph by ANTHONY LINCK, shows construction work at the United States Steel Corporation's Fairless Works at Morrisville, Pa. Representing a part of the \$1,300 a minute steel is spending for expansion—details on page 30—the new plant will cost more than \$400,000,000, one of the most ambitious projects ever undertaken by private capital.

When full production is reached by the end of the year, it will add an annual 1,800,000 ingot tons to the nation's steel production and employ about 6,000 persons.

U. S. Steel will have about 175 acres under roof at the new mill. The various buildings will be connected with 75 miles of railroads.

Planning required 3,000 man-years of engineering, with an additional 1,000 man-years of engineering supervision required during actual construction. The plant will use enough electric power to take care of a city of 450,000.

THE MAIN interest of R. L. DUFFUS is traveling. Mrs. Duffus shares his urge to visit interesting places. Traveling, or going on vacations, is only in part a hobby, Mr. Duffus says, being also partly educational for his job as editorial writer for the *New York Times* and as regular contributor to NATION'S BUSINESS. His column "By My Way" begins on page 12.

When the two Duffus girls were growing up, the family was unable to travel much, although they did manage to spend a year in California and another in France. Travels in recent years, however, have taken Mr. and Mrs. Duffus to such places as Bermuda, Guatemala, including a stop to see the ruins near Merida, Yucatan, and to Italy, Great Britain, France, Alaska, and most recently to Arizona and northwestern Mexico.

As "By My Way" readers are aware, Mr. Duffus usually writes about his travels. Wherever he goes, he makes notes, with the help of Mrs. Duffus.

"I get a lot of fun from writing 'By My Way,'" he reports, "because it allows me to wander into fields such as the misbehavior of birds and animals, strange scientific phenomena, the weather, travel and so forth, which I should otherwise have to neglect."

"My chief work for the *Times* at the moment is writing fairly serious, or at least not frivolous, editorials."

Mr. Duffus is a Vermonter by birth. He began his career on a Waterbury newspaper where he learned to set type. He also ran





## Keeping America's Babies

**"socially acceptable"\***

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the kids, and even Mother use the revolutionary new Playtex Home Hair Cutter.

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presses, carried papers, and swept out.

His education subsequently was continued at Stanford University, where he earned a degree in history.

In his final year in college he met a crusading San Francisco newspaper editor, the late Fremont Older, and was given a job on the *Bulletin*. After two years on the paper, Mr. Older needed a youthful editorial writer and decided on young Duffus for the job.

When, a few years later, the paper was sold, young Duffus went to New York and got a job writing editorials on another newspaper that is now extinct, the *New York Globe*.

"In fact," says Mr. Duffus, "all the newspapers I ever worked on before I came to the *New York Times* are extinct. I take no credit or blame for this, but note it as an unfortunate fact."

For some years he did free-lance work. He joined the Sunday staff of the *Times* and in 1937 became a member of the editorial board.

"I always wanted to be a dramatic critic, a foreign correspondent or a successful novelist. Of these three



ambitions," says Mr. Duffus, "I have failed in the first two and succeeded, to the extent of about five per cent of my ambition, in the third."

Mr. and Mrs. Duffus live much of the year in New York City. But they have a place in the country near Westport Center.

"It consists of a fraction of an acre," explains Mr. Duffus, "and is bordered by a cemetery on one side and is much overhung by trees. It's pretty quiet. The easiest things to raise are moss, ferns and vines, but Mrs. Duffus has done wonders with tulips and other posies I can't at the moment recall the names of."

The photograph shows Mr. Duffus during his recent trip to Arizona.

**CALVIN J. CLEMENTS** lives in the Bay Ridge section of Brooklyn. Can't get away from the sea, he says. Besides piloting a boat in New York



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count up to  
2¼ million?"*



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harbor, he usually writes about the sea. He has already sold two books and has a third almost completed, all on this subject.

Between books he writes short stories. **NATION'S BUSINESS** has published several.

In addition to piloting and writing, Mr. Clements finds time for other things, notably taking his three youngsters—ages 11, nine and seven—fishing.

The photograph reveals one reason why the youngsters like to have him along: He is unsnarling a line for the two youngest. The eldest, while the picture was being snapped, was reeling in an exciting three inch.

If Mr. Clements had his way, he would also have time for walking in the woods. "Doesn't sound very exciting," he says, "but any wooded area with a stream running through it fascinates me."

He enjoys western movies for the same reason—the wildlife back-



ground. "Promised myself a trip through the Rockies by pack mule some day," he says. Meanwhile, he has deviated from writing about the sea long enough to write a western story, "Trial by Opportunity," published on page 45.

NOT long ago a representative from the Army called on the curator of arms and armor at the Metropolitan Museum in New York. What the Army wanted, he said, was to borrow a crossbow or two for a special test to be conducted at the Aberdeen Proving Ground in Maryland. The museum had crossbows, the officer was told. But the red tape involved in lending them was about to snarl the operation when an employe remembered that **CHARLES ADDAMS** (illustrator of the article on page 40) lived nearby. Mr. Addams collects crossbows, the employe recalled, and he also has a nice suit of armor.

Mr. Addams was overjoyed to have his crossbows serve his country.

What did the Army need with crossbows?

Well, Mr. Addams learned, an



organization which tests materials for the Government—such things as bulletproof vests and so forth—wanted to know how defensive armor stood up under the arms of long ago.



The test included shooting a few arrows at a contemporary helmet. It may be some consolation to our servicemen to learn that only one of the bolts from an Addams crossbow pierced a helmet. Others glanced off.

Also measured was the velocity and strength of the bow. Mr. Addams didn't learn the figures. That, he supposes, is classified information. After all, nobody wants to tip off the enemy about a weapon which could one day replace atomic explosions.

**GEORGE SOLOVEYCHIK** recently returned to his home in London after spending six months in the United States.

It was not Mr. Soloveytchik's first visit. At the completion of a previous trip he also wrote an article for *NATION'S BUSINESS*. Twice in recent years he has taken part in a tour of journalists and others from NATO countries invited to the United States by the Pentagon and State Department. Purpose of the trips was to acquaint the NATO representatives with American life and ways of doing things.

"On both those occasions," Mr. Soloveytchik says, "as an old timer, I performed the unexpected function of guide, interpreter, adviser, father confessor and general handyman.

"Though on both occasions the tour had competent escort officers, the fact was that the Europeans who had never been to the U.S.A. were slightly frightened of their official hosts. They felt more at ease asking questions of a colleague and companion of their own."

George Soloveytchik spends much time explaining America to Europeans. He appears twice a year as a visiting lecturer at the Graduate Institute of International Studies at the University of Geneva, where he gives a course on American affairs.

## THEY'LL GROW FROM THIS



## TO THIS



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► **AUTO CREDIT'S** less than 14 per cent of value of cars registered.

That's finding of National Automobile Dealers Association, which points out figure compares with 14.1 ratio in '39, 18.0 in '40, 16.2 in '41—best comparable period.

NADA says current ratio is healthy, leaves plenty of room for more selling.

► **YOU CAN BE** your own expert on business outlook for this year's final quarter.

Watch figures for August department store sales. That's key month. Federal Reserve reports them in your local paper.

Commitments for fall deliveries to department stores are not yet firm.

August down-trend would cut back orders to suppliers, materials producers.

If there's no change from slight rise in sales experienced so far this year you can look for a Merry Christmas.

Why are merchants watching August so carefully?

They're looking for effect of truce on consumer psychology.

► **WHAT MEASURES** prosperity?

Total economic output—production, jobs, purchasing power, markets.

What's the picture now?

Total national income's well above \$300,000,000,000, more than \$10,000,000,000 over last year.

Gross national product pushes up to \$372,400,000,000 annual rate. That's \$24,000,000,000 ahead of '52.

Total civilian labor force is over 63,000,000 (seasonally adjusted), about 9,000,000 more than peak war year.

Population's growing at 2,500,000 rate yearly. There are 8,000,000 more people in U. S. now than when Korean war started in '50.

► **WHICH WAY** is business wind blowing?

Let's look at some straws:

1. Add to population growth: Demands of rising living standards, plus trend to larger families (13 per cent more fourth children were born in '51 than '50).

2. Manufacturers' new orders (mid-year): \$25,600,000,000, some \$2,000,000,000 ahead of '52.

3. Personal consumption expenditures:

Running \$10,000,000,000 over last year (annual rate).

4. Manufacturers' backlogs: Now at \$71,600,000,000, some \$2,400,000,000 more than '52.

5. Savings: Up 15 per cent in six months, highest in history except for peak war years.

6. Proposed tax cuts in '54: Mean millions more in disposable income for nation's 40,000,000 white collar, other workers, whose income hasn't been tied closely to cost of living.

Caught in squeeze of frozen income, pepped-up prices, these workers (and their families) juggled budgets accordingly, and became accustomed to tightness.

Tax cut would be windfall to them.

► **SALES SHOW** best relation to inventory in three years.

In '51, total business inventories stood at \$74,059,000,000; sales amounted to \$44,454,000,000—a gap of \$29,605,000,000.

In '52, inventories pushed up to \$74,757,000,000; sales increased to \$45,568,000,000, narrowing gap to \$29,189,000,000.

In '53, inventory is expected to total about \$75,700,000,000. Sales level for first six months indicates year's total of \$48,760,000,000. Leaves stock value on hand of \$26,940,000,000.

That's sales gain of \$3,372,000,000 over last year alone.

**HOUSING STARTS** taper off, but construction's still growing.

Municipal revenue bond issues totaled \$2,500,000,000 by mid-year, were seven times higher than '45 volume, double '51, up from '52.

These bonds finance water, sewerage systems, schools, hospitals, other improvements.

Bond analysts say it's partly catch-up, but stress increase hinges on population growth, is continual.

More schools, water works, sewer plants, spell more homes.

► **LET'S LOOK** at production capacity. What's it mean as an economic indicator?

Take steel: It's been operating for years at close to 100 per cent "capa-



city." But well over 1,000,000 tons per year of this capacity has been dismantled during same period.

Why? High operating, maintenance costs.

So, steel has created "efficiency capacity."

(Note: Shipments of fabricated structural steel in June totaled 274,587 tons, highest in 23 years. The six-month figure is 1,560,470 tons, 15 per cent above '52.)

Remember that construction, not auto industry, is steel's major market, absorbing 25 per cent of total output.

Construction includes residential, commercial, public and industrial buildings, dams, pipelines, highways and bridges—thus, structural steel shipment is good indicator of future construction plans).

Or let's take paper industry: It's producing at rate well under theoretical "capacity," plans to spend more this year for expansion than ever before.

Why—if it hasn't yet reached present "capacity"?

Good profits, growing markets, fact that paper products increasingly compete with other materials—metals, glass, etc.

Take aluminum: It's operating at 100 per cent "capacity," has kept price advantage over copper, stainless steel, other metals, despite recent price boost.

At higher price, aluminum men know they'd have excess "capacity" at current production levels. At lower price they hope to continue expansion indefinitely.

Take lead, zinc: They didn't have enough "capacity" last year. Now, with little change in domestic production or demand, they have "too much."

Why? Production was spread thin over wide area. When price skidded after boost in foreign supply, facilities that could be used at a profit diminished.

High-cost "capacity" is still there, unused, while industry presses search for new low-cost capacity to meet foreign competition.

Many factors enter capacity theory: output levels, profit of operation, costs and plans for future investment, existing facilities, potential and

existing demand, foreign markets, others.

If even one shifts, "capacity" shifts, too.

Example: Present hard-goods supply's pulling ahead of demand. This indicates "capacity's" been reached both for output, intake.

But what of possible new prices, markets?

Any change would quickly revise "capacity" estimates.

► AGRICULTURE'S CITED as weak spot in over-all economy. How weak is it?

Parity ratio (relation between what farmers receive and what they pay out) has been falling, with ups and downs, from an all-time high of 113 in '46 to about 95 currently.

But parity first dropped under 100 last November. Thus farmers' drop is small, percentagewise.

Note: Farmers biggest cash income months are just coming up.

► CONSUMER PRICE INDEX (cost of living) refuses to follow wholesale commodity dip. Why?

In first place, farm prices are no longer glued so closely to price of food in your larder. Farmer now gets about 44 cents of the food dollar, down a dime from the peak.

While farm income has dropped, high food costs persist in large part from demand for better packaging, processing, distribution.

In new Bureau of Labor Statistics index, food, clothing, housing account for about 70 per cent of consumer dollar.

This compares with about 83 per cent in old index.

New index adds transportation, medical care, personal care, reading, recreation, other goods and services, which old index labeled "miscellaneous."

Food costs have declined slightly in past two years (from 112.6 to 112.1); housing cost has increased from 112.4 to 117.1 (this component now includes rent, home furnishings, repair, mortgage interest, etc.); clothing has dropped from 106.9 to 104.7.

In extras, transportation costs have jumped from 118.4 to 129.4; medical care from 111.1 to 120.7; personal care



# washington letter

from 110.5 to 112.8; reading and recreation from 106.5 to 108.0; other goods and services from 109.7 to 118.0.

This indicates living standards are being pushed up.

But—more important—figures cited previously show cost is being met at same time disposable income, savings are on increase.

## ▶ PRICE OF OIL—is it up or down?

Industry tabulation, following decontrol, listed 282 changes in refinery, terminal prices.

Only 10 per cent—mostly on the West Coast—were up, the rest down.

## ▶ ADD THESE FIGURES to unions' talk of labor peace, organization mergers:

In past two years there have been 1,245 interunion raids—instances in which one union moved in on another, tried to take over.

Involved: 350,000 members. Total change: 8,000 gain for AFL.

## ▶ ALL THAT BIG CITY glitter isn't gold.

Commerce Department study shows highest family income's earned in cities of 250,000 to 999,999 population (average: \$4,382), not in million-plus centers—New York, Chicago, Philadelphia, Los Angeles, Detroit (average: \$4,334).

Total of 1.5 per cent of big city families earn over \$15,000 yearly, as against 1.8 per cent in medium city.

Thirty-nine per cent of former earn more than \$5,000 annually, compared to 39.7 per cent of latter.

Figures also show 1.8 per cent of families in rural areas of 25,000 and over earn more than \$15,000 a year.

In farm areas, 1.2 per cent—or one out of 80 farm families—earn more than \$15,000 each year.

Note: National average income for all families: \$3,709.

## ▶ WINTER'S GETTING warmer. But not much.

Not enough, Weather Bureau says, to upset oil industry, home heating unit makers, overcoat salesmen.

In fact, W.B. cautions oilmen not to revamp reserve estimates. Some preliminary studies show temperature upswing of 1.5 degrees or more in some sections.

But weather experts point out new

schedule is based on readings of past 30 years, say complete data indicates upward revision of about half 1.5 figure.

In New York, January mercury now reads 32.9 instead of 31.7 on 81-year basis, a gain of 1.2 degrees.

December in Boston has warmed up from 32.2 to 32.8.

February in Chicago is now 27.4 instead of 26.8.

But, as Weather Bureau says, winters still are cold!

## ▶ MERGER, DIVERSIFICATION—once field of industry giants—is growing aim of smaller firms.

Main reason: Desire to escape dependence on narrow market, avoid sharp swing in demand that may develop for single product.

A firm which sold six products to one industry now makes 28 products for nine industries, and has thereby cut dependence on original market by 40 per cent.

Note: Program tends to increase competition, fosters new business function—study of diversification problems.

▶ BRIEFS: AFL, CIO plan to spend \$4,000,000 next year to spread their views via radio, TV. . . . Treasury bonds, bills, notes which will mature within a year total \$85,012,356,760; last year's total: \$56,296,098,181. . . . Metal-working equipment division of National Production Authority has about \$34,000,000 in kitty to cover applications for tax amortization to end of year. . . . In peak war year, Government was contracting for 35 per cent of private industry's total output; today, it's 8 per cent. . . . Canadian capital invested in Canadian-controlled firms in U. S. has jumped 96 per cent in '45-51 period; U. S. investment in American firms in Canada went up 70 per cent. . . . 34,000 men and women from 30 to 34 years old are enrolled in high schools, Census Bureau says. . . . Watch for trend of retail dealers to start handling one line of home appliances instead of multiple brands; move's said to follow lead of auto industry agencies. . . . Whisky's now officially part of cost-of-living index—for years only beer was included.





## "I'm it....!"

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"But I'm not complaining. I never had it so good.

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With the new Todd Form-Master, your payroll clerk can save hours of time, make the required three sets of records *at once*, cut payroll preparation costs 60% or more. To get *all* the facts mail the coupon below.

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### "Together to the kirk"

I HAVE always enjoyed Coleridge's "Ancient Mariner." The fact that it survives as a classic proves, of course, that I am one of many. I like the music of it—so many of today's written words have no music in them. I like the passage:

*To walk together to the kirk,  
And all together pray,  
While each to his great Father  
bends.*

*Old men, and babes, and loving  
friends,*

*And youths and maidens gay.*

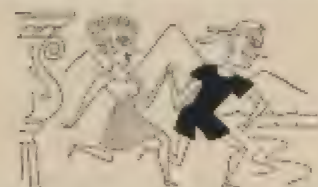
Whatever one's religious faith may be, in kind and in strength, the picture given in these lines is a peaceful and lovely one.

But I was thinking on a recent Sunday, as I strolled through our suburban Connecticut town, that part of the picture has changed. A great many people go to church but they don't, as a rule, walk there any more. For our best-attended churches, in my town, we need traffic policemen on Sundays, though I like to think that the citizens who drive to and from church are perhaps a bit more considerate than when going about their mundane affairs on, say, Tuesday. However, the old, the babes, the loving friends, and especially the youths and maidens gay remain a happy sight as they pass to and from their parked cars, and in and out of the welcoming church doors.

### Summer resort, early A.D.

AS WE prepare to close the books on this summer's seaside season it is interesting to read of excavations which have brought to light an ancient Roman summer resort at Baia, near Naples. Julius Caesar, Caligula and Nero all had villas there, which in the latter cases did not improve its already questionable moral tone. Humbler folks could enjoy sea bathing, sulphur baths, lolling on terraces and going to the theater. They could also make love and regret it afterwards, just as sometimes hap-

pens at summer resorts today; or make love and not regret it, and get married later on, just as also happens today. No doubt men were scarce between Monday morning and Friday or Saturday, and those who were in evidence were much sought after. No doubt girls paid much attention to their hairdos and whatever it was they wore, or didn't wear, when swimming or otherwise. No doubt Baiae (as it was called in Caesar's time; the 'e' got lost during the Mid-



dle Ages) was in many respects a lot like the first summer resort that comes to anyone's mind today. In other respects it was not. We do not have slaves today, for one thing, as any housewife who has tried to have some house cleaning done at a dollar or more an hour will testify. Or as anybody who has tried to be patronizing to a "native" in Massachusetts, New Hampshire, Vermont or Maine will also testify.

### Are bird songs fun?

ONE of our favorite radio stations urges us to relax with good music, which we often do. Sometimes, in season, we get the music direct, from singing birds. My wife tells me that science now says that birds do not always sing for practical reasons—that is, to attract favorable attention from birds of the opposite sex during the mating season. Sometimes they sing for fun. There is a window in our house, with a sofa or day couch beside it, where one can lie on a summer afternoon, looking into treetops and listening to birds. I wonder if they still sing for fun after they have gone south for the winter. I believe they do, because in many ways it must be fun to be a bird, whether one is in New England or Washington, D. C., Miami or Rio de Janeiro. A





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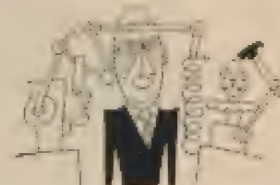
CITY  STATE

singing bird, at any rate; I wouldn't so much care to be a crow or a starling—they do take life so hard and argue when they might as well keep their mouths shut.

### The gadget era

THE worst thing about modern conveniences is when they get out of whack. My grandfather never had a flat tire; my grandmother's house-keeping was never interfered with when lightning struck the power lines—she went right on cooking supper over the coal or wood stove and keeping food cool in the spring-house or in the icebox which was filled every other day with natural ice from Cutter's Pond; I myself, traveling often by train when just old enough to do this unaccompanied by my parents, never suffered from the heat when the railway car air conditioning went off—it didn't go off, because there wasn't any, and I thought that being too hot in summer was the natural lot of mankind.

I am writing these lines on a typewriter. If the typewriter breaks down



I shall have to stop, because I have lost the art of writing in longhand so that I or anybody else can read the result. We live in a gadget era. I love it, but at the same time I realize that we pay for it. That is the kind of world this is.

### That long, cold summer

IT'S BEEN cold weather this summer in southeastern Australia and also in the southern portions of Argentina. While we were sweltering, the snow in New South Wales and Victoria was four feet deep in spots, and snow or freezing rain was making driving difficult not far from Buenos Aires. We would have liked to be there and people there would have liked to be here. Somewhere, no doubt, there was a spot, or there may have been two or more spots, where the law of averages was working and temperatures and precipitations were just right. But those spots didn't get into the newspapers. It ought to be news when anybody anywhere is satisfied with the weather, but it isn't. It just isn't.

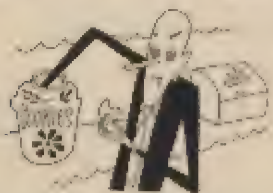
### Cookie jar, new model

MY GOOD wife (by which I don't mean to imply that I am a bigamist



and have a bad wife, too) has been reorganizing the kitchen and putting cookies in the cookie jar. Something else had been there—I forgot what. String, maybe. Anyhow, when I go prowling around the kitchen at the fag end of the evening and arrive at the cookie jar I can put my hand in with the justified expectation of finding a cookie or so in it, and not a cake of soap or a mousetrap.

But what I won't find in it is a cookie that will taste as good as a



cookie tasted years and years ago when my mother or aunt kept them in an old-fashioned "stone" crock. A nearby crock of the same sort would contain doughnuts, which deteriorated faster than cookies, but this didn't matter too much, because both cookies and doughnuts got eaten before they got too dry. I would like to be young enough again to have an inexhaustible appetite for anything, cookies and doughnuts included. But I get along, as my wife, who has to keep our jar filled, might testify.

### Those lucky French!

SOMETIMES I wish I had been born in France, where they change governments so often that practically every little boy has a chance to be premier.

### The boy spelunkers

I CANNOT really call myself a spelunker, and I do not suppose anybody else will do so unless they get annoyed with me and do not recall what the word means. It means a person who goes after caves in a serious way, as did those brave men (and two women) who not long ago descended into the unexplored reaches of Grind Canyon, in Schoolhouse Cave, W. Va. They were like mountain climbers, except that they went down instead of up, and where they went it was darker.

I think I would rather climb Mount Everest, at least as soon as they get a good inclined railroad running up it. However, I was a spelunker in a small way when I was a boy in Vermont. The cave above the waterfall in Stevens Branch, above Mr. Ainsworth's house, would hold approximately four boys and was approximately four feet high and ten feet long, but we had fun there; we toasted marshmallows over

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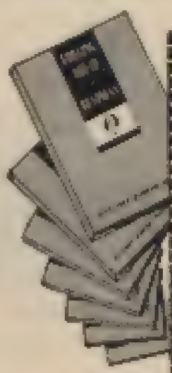
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a birchbark fire and got our eyes so full of smoke they aren't entirely clear even yet. We always planned to enlarge this cave by excavating at the back.

It was our firm belief that if we did this we would find a passage leading into the bowels of the earth. I wonder what we would have done if we had. Fortunately or unfortunately we grew up. One always does. That is the drawback in being a boy—even in being a boy spelunker.

### *Columbus came late*

IN WHAT is now Gypsum Cave in Nevada, on the shores of what was once a lake, the archaeologists have found traces of campfires extinguished about 8,504 B.C. In a cave in Oregon were found sandals believed to be 9,000 years old; the former wearer doesn't need them any more. . . . America wasn't discovered by Columbus; there were people fussing around here, presumably



migrants from Asia, as early as 4,200 B.C. Five thousand years ago Indian fishermen were constructing weirs "in shallow water now covered by the sidewalks of Boston." "There was Indian corn in New Mexico 3,000 years ago and perhaps earlier." On the other hand, the first totem pole in the Pacific Northwest was not mentioned until 1791.

I take these facts from Ruth M. Underhill's "Red Man's America," which, in spite of being scholarly, is an interesting book for anybody interested in Indians, or even for anyone curious about the early history of this country. We've been here a long time, we Americans, red and white, even though the country is still growing. Columbus did a good job, and I admire him, but even for him it wouldn't have been half so much fun if there hadn't been something here to be discovered.

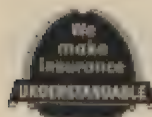
### *Simplifying golf*

GOLFERS on some courses can now ride from hole to hole on rented scooters. This is fine, I think, as far as it goes, but I believe it would also be helpful to have a sort of machine—perhaps an attachment to the scooter—that would pick out the right club and hit the ball in the right direction with just the right force. It is inventions like this that simplify and ennoble our lives.

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BY FELIX MORLEY

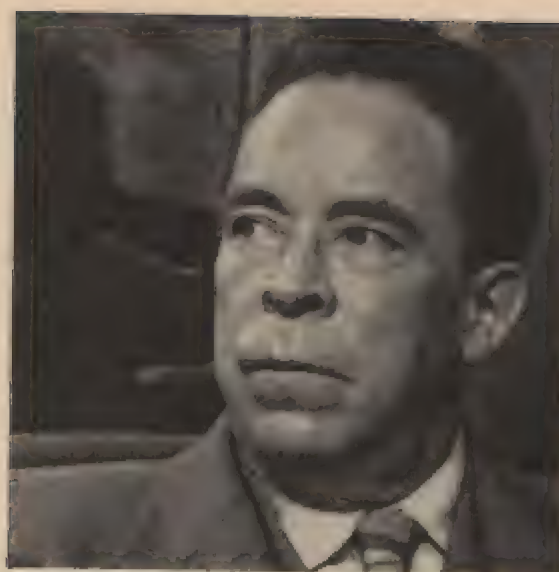
## OF NATION'S BUSINESS Trends

**A**ROUND St. Paul's Cathedral, in the center of London, dismal acres of weed-filled cellars and gaping foundations still recall the damage inflicted by the Luftwaffe in the war that ended eight years ago. But in London's bustling and seemingly prosperous West End the façades of newly renovated stores still flaunt some of the decoration with which this old city was garlanded to celebrate the coronation of Queen Elizabeth three months back.

The postwar psychology of our closest ally is symbolized both by this failure to restore the heart of the metropolis and by the reluctance to remove the tokens of regal rejoicing from its face. Britain has not yet fully recovered from the war and in some respects it is by no means certain that she will fully recover. The British spirit, on the other hand, is as traditional, as tenacious and as indomitable as ever. There will be less transatlantic misunderstanding if Americans appreciate that while Great Britain has been gravely injured, the pride of its people is for that very reason extremely high.

• • •

To one who is making his first visit since the Labor Party fell from power the large measure of at least superficial recovery in Britain is striking. The shops are now well stocked with luxuries as well as necessities. Rationing applies to only a few items and food is plentiful. For a year there has been virtually no increase in living costs and during



## THE STATE OF THE NATION

1953, in a population of slightly more than 50,000,000, the registered unemployed have declined from 500,000 to half that number. Of course the Socialists claim that they laid the groundwork for this relative prosperity. The *London Daily Herald*, official organ of the British Labor Party, advertises that its subscribers "are one third better off than prewar, despite increased cost of living."

Over-all national productivity, however, is only about 20 per cent in volume above the immediate prewar level and some of this must be attributed to that part of defense production which has been subsidized with American dollars. Obviously, therefore, the unquestionable economic advance of British wage earners has not been net gain but results in part from the dubious policy of depriving one section of the population for the benefit of another.

It is the middle, not the upper, class that Britain's social revolution has penalized most sharply. Everyone knows of the almost confiscatory English income tax, which continues to take up to 90 per cent of the earnings of those in the highest bracket. On the other hand, there is no capital gains tax in Great Britain. Profits made by speculation do not have to be reported as income. They are frequently made by those in the know, or with good overseas connections, explaining why not a few shrewd Englishmen are able to maintain big country homes.

The middle class, however, is caught between the upper and the nether millstones. Most professional



# Trends

men have neither the capital, nor the information nor the opportunity to speculate successfully. Their salaries and fees

have not risen in anything like the same proportion as wages. They pay high taxes for the activities of the Welfare State but derive relatively little benefit from social services like subsidized factory meals or nationalized medical care. In consequence the standard of living for teachers, clergymen, small businessmen, civil servants, clerks, many lawyers and doctors, and for pensioners of every kind, has declined sharply from before the war and at present gives no indication of recovery. It is in the homes, not in public places, that one finds the full evidence of middle-class pauperization and senses the strain involved in the losing struggle to maintain gentility.

An important political consequence is resulting from this decay of the middle class. The white-collar voters, who were often strongly pro-Socialist at the end of the war, have now for the most part turned sharply against the Labor Party. Every by-election this year has demonstrated the trend and it gives great encouragement to the proponents of free enterprise. Nobody grudges the British worker his sharply increased share of the national income. But the middle class in general has been victimized to provide those gains. And the earlier bloom of Socialism is the more withered because it has failed to fulfill the high anticipation of its advocates.

A case in point is the coal industry, where productivity is actually less than it was under private industry 15 years ago, although miners' wages since then have at least doubled in actual purchasing power. The National Coal Board, which now operates the industry for the Ministry of Fuel and Power, has done its utmost to make the life of the British miner more agreeable. On top of the wage increases there are many forms of bonus for output and every employe gets at least two weeks holiday with pay. Shower baths and cost-price canteens are found at every pit head. The miners get special medical service, subsidized rents and transportation, playgrounds for their children and coal for almost nothing. There are government scholarships for those who want to study engineering. Nevertheless the industry is plagued with absenteeism and wildcat strikes, especially the Scottish mines where Communism is strong. In this nationalized industry the loss of production due solely to labor disputes has been increasing for four years.

Coal is the one natural resource that Britain possesses in abundance. Its export, which used to be an important factor in the British balance of payments, is now negligible. Indeed coal is today actually being brought to Newcastle from Germany, to fuel factories that are simultaneously

urged to develop their export markets. A serious coal shortage in Britain this coming winter is forecast and the prospect casts a depressing shadow before. Far from eliminating debility in this basic industry, nationalization seems to have increased it.

Thoughtful Englishmen say that this lassitude in the coal industry is symptomatic rather than unique. They say that the national will to work does not match up to the capacity to endure, so strikingly demonstrated during the war and austerity periods. These critics are doubtful about the current emphasis on "the new Elizabethan era." Nostalgia, they say, is no substitute for productive effort, discouraged by confiscatory taxation and countless governmental regulations.

The Conservative Party is much stronger because the roseate expectations of the Socialists have faded. It is also stronger because of the serious fissure in the Labor Party—between the moderate followers of Clement Attlee and the fiery minority that acknowledges Aneurin Bevan as its leader. The former group notes the growing middle-class antagonism and takes it as a warning to go slow. The Bevanites, on the other hand, fear the recuperative power of capitalism and argue that this is the time to cut its throat in Britain. Because of this internal Labor Party conflict the Conservatives no longer need Sir Winston Churchill's commanding personality to hold political power.

But unless a British middle class, however composed, wins back the vitality and economic strength that has been lost, the mere continued tenure of a Conservative Government will not avail. It was the rise of the merchant adventurer, during the reign of the first Elizabeth, that gave this small island its initial impetus toward world leadership. The productive force of the nation must be revitalized if it is to regain that position. On the morning of the coronation, last June, all the glittering lords and ladies were requested to be at Westminster Abbey by seven in the morning. One forthright commentator found promise in this unwonted reversion of the aristocracy "not only to the clothes of its fathers but to their early-rising habits."

The present battle of Britain, very clearly, is to restore incentive and resuscitate the middle class. This cannot be done merely by transfusion of dollars from America. It cannot be done by "go slow" tactics in the coal mines, nor by pageantry suggesting that a second Elizabeth will somehow miraculously inspire a flowering like that which occurred under the first. The earlier burst of energy resulted from the loosening of fetters that restricted free enterprise throughout the Middle Ages. Today, restrictions are different, but certainly no less numerous and stultifying. If they are lifted the natural energy of the English will revive; the blasted acres around St. Paul's will soon be rebuilt; the middle class will regain the ambition that first created it.



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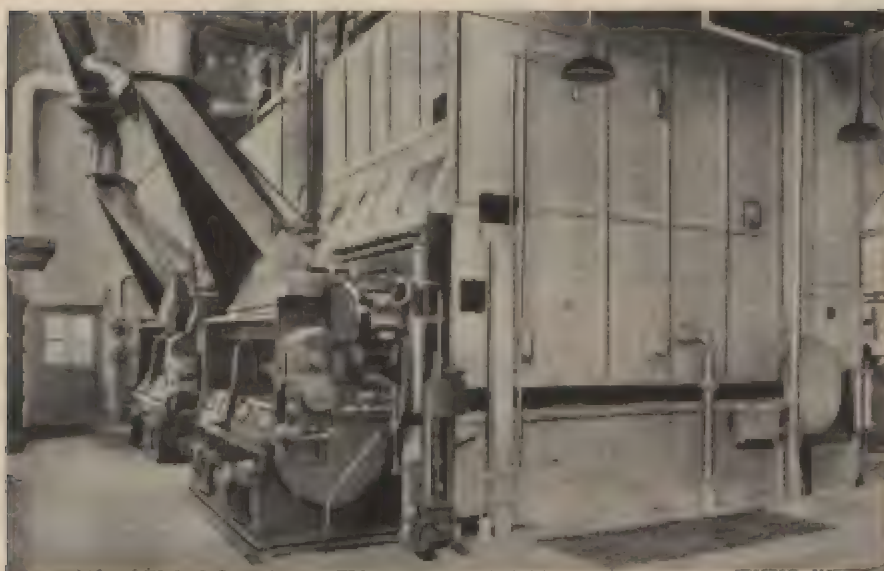


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## WASHINGTON MOOD

BY EDWARD T. FOLLIARD

**A**NYONE who gets around here is struck by the contrast in attitudes toward the great world struggle between the United States and its allies and Russia and her satellites.

To put it as simply as possible, those who are guiding the destinies of the nation seem to be more confident about the situation than the man in the street.

President Eisenhower and Secretary of State Dulles, though they are beset by any number of problems, have been much heartened by the train of events since Stalin's death—the uprisings in East Germany and elsewhere behind the Iron Curtain; the feuding among the Kremlin big shots, highlighted by the jailing of No. 2 man Lavrenti Beria, and, finally, by the eagerness of the Communists to stop the blood-letting in Korea.

The Chief Executive and his lieutenants have looked upon these developments soberly but hopefully, believing that they betray a long-suspected weakness in the Communist structure. This doesn't mean that Ike sees any early end to the struggle. He doesn't. But he does feel that the free world is in the ascendancy and will make headway from here on so long as it remains strong.

To judge from the talk, a good many citizens would like to go along with Ike on this but find it difficult to do so. They are puzzled, skeptical and in some cases apprehensive. They had once thought that they would be jubilant over a truce in Korea, and they now find it hard to explain why they felt no jubilation when the truce actually came.

They would like to think that they are unnecessarily gloomy, and they seem eager to be assured that things really are looking up for America and her allies.

In the Metropolitan Club here, some diners were talking to a man familiar with official thinking about the international situation.

"What do you think of the Korean armistice?" one of the group asked.

"I think it is a blessing," he said promptly. "It might turn out to be a great turning point in history."

"Well," said the other, "I'm certainly glad to

hear you say so. We—well, we haven't been able to make up our minds about it."

If there is puzzlement about Korea, it should not be surprising. Never in our history have we engaged in an enterprise anything like it. Our emotions have undergone gyroscopic changes. Dr. George Gallup's surveys show that, in the beginning, 65 per cent of Americans polled thought that the United States did right in going into Korea. In less than a year, a majority told his poll takers that we had "made a mistake."

The way in which the fighting ended in Korea was entirely alien to our experience. Our minds had been conditioned by what we had read in school or by what had happened in our own time. There were the earlier impressions which we got from our history books—the surrender of Cornwallis' army at Yorktown and the gallant Lee's capitulation to Grant at Appomattox. World War I and World War II likewise had a traditional ending, with a surrender and a giving up of arms by the enemy.

We were a nation accustomed to fighting through to victory, to seeing a happy fade-out with Old Glory flying above the conquered land.

The truce in Korea bears no resemblance to these experiences. Not only that, but we have the spectacle of Syngman Rhee—president of the country we set out to rescue—bitterly disappointed that the fighting has stopped, and threatening to resume the war if things don't turn out to his liking.

Who has been right—those who believed with General MacArthur that we should have expanded the war and made the Chinese cry "Uncle" or those whose policies have prevailed—is a question that only time can answer.

The attempt here is to try and explain why there is an atmosphere of restrained confidence in the White House and the State Department—why our top men think that Korea has been a victory for America and the free world, and why they think it might be a turning point in history.

President Eisenhower, when he was a five-star general, used to have a simple but eloquent way of explaining what had to be done to head off World



War III. It was necessary, he said, to show the would-be aggressor that he could not pick up real estate cheap—that he would have to pay and pay dearly if he tried.

Not much was said about it in the 1952 political campaign, but when President Truman decided in 1950 to send American troops into Korea—the hardest decision he ever had to make—General Eisenhower agreed that there was nothing else that he could do. Ike's complaint in the campaign was that the Truman Administration allowed the situation to reach a point where the Communists were encouraged to start a war.

• • •

As the war became more and more hateful to Americans, Mr. Truman once acknowledged that he didn't seem to be able to get through to them and explain his Korean policy. It wasn't that he didn't try.

In his farewell speech—when he asked the nation to give its support to General Eisenhower and pledged his own—Mr. Truman let his mind go back to that June day when he first heard about the Korean outbreak. He was spending a week end at Independence at the time.

"Flying back over the flat lands of the Middle West and over the Appalachians that summer afternoon," he said, "I had a lot of time to think. I turned the problem over in my mind in many ways, but my thoughts kept coming back to the 1930's—to Manchuria—Ethiopia—the Rhineland—Austria—and finally to Munich.

"Here was history repeating itself. Here was another probing action, another testing action. If we let the Republic of Korea go under, some other country would be next, and then another. And all the time, the courage and confidence of the free world would be ebbing away, just as it did in the 1930's. And the United Nations would go the way of the League of Nations. . . ."

He told how, on his arrival in Washington, he called Gen. Omar N. Bradley and other advisers to Blair House, and how the fateful decision was made.

• • •

In the months that followed—and especially after the Chinese Reds got into the fray—Mr. Truman was bombarded with letters critical of his Korean policy. People wanted to "get it over with." Some wanted him to drop a few A-bombs on Moscow. More wanted him to bomb China.

"The whole purpose of what we are doing is to prevent World War III," he always argued. "Starting a war is no way to make peace. . . . A third world war might dig the grave not only of the Communists, but also of our society, our world, as well as theirs."

But, said the advocates of an enlarged war,

bombing China would not necessarily mean that Russia would come in. Suppose that Russia did have an alliance with China which obliged her to go to China's rescue if she were attacked; had Russia ever kept her word?

Mr. Truman replied to this argument as follows:

"They are saying categorically that Russia won't come in if we bomb Red China. That statement was made to me about the Chinese not coming into Korea. It was made to me on good authority, too, and I believed it."

This was a plain reference to Gen. Douglas MacArthur, who had been firmly convinced that the Chinese Communists would not intervene in Korea.

Be that as it may, many Americans now—and some of them are in Congress—think that MacArthur later had the right idea in urging a showdown with the Chinese Reds. They still echo his statement that there is no substitute for victory.

The view that prevailed—in the Eisenhower as well as the Truman Administration—was expressed by General Bradley. It was that to have carried the war to the Chinese mainland would have been "the wrong war, at the wrong place, at the wrong time." What he meant, obviously, was that the biggest threat to America was not China but Russia, and that for us to have gone all out against China would have been to risk the loss of Europe.

• • •

Strangely, now that the Korean fighting has ended, nobody in authority here professes to know just why the Communists decided to call it off. However, one thing seems obvious: The Reds must have decided that the war was unprofitable and that more was to be gained at the council table. Also, they had learned the lesson which Ike once said a would-be aggressor had to be taught—that he couldn't pick up real estate cheap.

It is this more than anything else that is the basis for hoping that Korea will be a turning point, and that the world will be freed from the scourge of war.

North Korea, Russia's satellite, has taken a terrible beating. She has less territory than she had when she drew her sword. Her army has been virtually destroyed, her lands laid waste, and her population decimated. It has been a sorry experience for a once cocky aggressor, one that is not likely to be forgotten by the other Russian satellites, nor, for that matter, by Russia herself.

These and other circumstances led Secretary Dulles to say, after the armistice in Korea, that all free nations "are safer" because of the "awful punishment that has been visited upon the transgressors."

The diplomats now have taken over from the warriors. Even if the negotiations are prolonged, the Administration agrees with Sen. Alexander Wiley of Wisconsin that a stalemated peace is better than a stalemated war.



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# RUSSIA'S GAINING ON US

In rate of industrial production and economic expansion, the Russians sprint while we lope along

By **HERBERT HARRIS**

**T**HE growth of economic power in the Soviet Union is outpacing that of every other country. If present trends continue, Soviet production—as measured by such basics as coal, steel, electric energy, machine tools—will, by 1960, surpass the combined total of Britain, France, West Germany, the Lowlands and Italy. These nations, taken together, have a population of 208,000,000, or almost exactly the same as that of the USSR.

Supporting this prediction are such facts as:

The 189 per cent rise in Soviet steel output, over the past seven years against 73 per cent for the U. S.

The more vigorous Soviet recovery from war's devastations as against U. S. aided western Europe.

The findings of recent economic research which show that prospects for further Soviet economic growth are excellent.

To put the magnitude of Russia's industrial advance in perspective, we can look back 40 years to 1913. Then factory output in Britain alone was 4.5 times higher than in the Russia

of the tsars. Looking ahead for the same period, we find that our own present ratio of a 4.5-to-one productive superiority over the USSR is no cause for complacency.

The reality is that the rate of economic expansion in the Soviet Union is far more rapid than ours, on a relative basis. From 1948-1952, for example, its production rose some 17 per cent a year, and ours 4.3 per cent. To be sure, this disparity is in part explained by the Soviet Union's post-war reconstruction spurt and by the fact that, beginning at a base line far



behind ours, it has a long way to go before it can catch up. Even more important is the question of velocity; Soviet rate of economic growth now ranges from eight to 12 per cent a year or roughly two to three times that of our own; the Soviet Union is sprinting and in comparison we are loping along, even though at a good, lively clip.

Moreover, Malenkov's boast that from 1929 to 1951 Soviet output went up 13 times (actually about ten times), while ours went up only twice, underscored the Kremlin's fanatical determination to match and exceed our own hitherto incomparable record in both production and productivity. On this point, all Soviet leaders agree—from the present principal, G. M. Malenkov, who eats carloadings for breakfast, to the pigheaded foreign affairs chief, V. M. Molotov, to the supple N. S. Krushchev, secretary of the Communist Party; from the Army's most adroit political general, Nicolai Bulganin to its two fighting marshals, Georgi Zhukov and Alexander Vasilievsky. Like Lenin and Stalin before them, they think and act not just in terms of years but in decades and even generations.

Even new struggles for control

among members of the Soviet high command will not alter essentially its long-term preoccupation with increases in economic power. It is the one "constant" in Soviet policy. To the rulers of the Kremlin it is fountainhead and fulcrum of Soviet military might, political influence, propaganda effectiveness. Their approach to the purposes of economic power differs so profoundly from our own that it still confuses many Americans. We regard economic power almost by reflex action, as something to be used for raising living standards; only as a last resort do we devote any substantial portion of it to war or defense.

Hence, when we learn that the Russian masses have an inadequate starchy diet of bread and potatoes, are crowded ten to a room in a Moscow apartment house, wear shoddy clothing, and shoes often plaited from thongs of hemp, we tend to doubt that the USSR has made any economic progress at all.

But for the masters of the Kremlin individual well-being is the least of their objectives. Theirs has been from the outset a war economy. Their first resort has been to build military strength to a point where it would be invincible against attack

from without and equally invincible should they decide that all-out military aggression, or limited adventures, or threats of them, would suit them best. They are concerned with living standards only to the extent that these provide sufficient vigor for their people to meet production quotas; or to serve in the armed forces where conditions are better because the support of the army is the first need of a dictatorship.

Only when strains become intolerable, and signs of unrest appear, does the Kremlin turn the production tap to allow a little larger flow of necessities and comforts. Its recent promise that the Soviet consumer will get a better break, that the USSR will henceforth have both "guns and butter" as against "guns instead of butter" can mean up to five per cent for housing, meat, apparel, lipsticks over the next two years; but this "upsurge of popular well-being" may be halted as soon as protests subside. In the case of the less docile and "disciplined" satellites, where riots, slowdowns, and other revolts against Soviet rule recently flared up, from East Berlin to Bucharest, the Kremlin not only orders out tanks, it also increases food allotments, reduces "norms" in the fac-





tory, arrests the pace of collectivization on farms, as sops to discontent.

To grasp the meaning of the Soviet performance, we must discard our own preconceptions that economic power is a synonym for human welfare, and keep in mind that, from the Kremlin's standpoint, it is the decisive instrumentality through which Communism can dominate mankind. We must also rid ourselves of an "emotional block" that afflicts many of us when it comes to the USSR. We seem to feel that to recognize that it has accomplished anything remarkable is to lend aid and comfort to the enemy. Yet to despise Communism does not absolve us from the responsibility of looking, without blinkers, at what has actually been happening.

Contrary to popular belief, the Soviet push to transform the semi-feudal economy of the tsars into a highly industrialized society did not really get under way with the Bolshevik *coup d'état* in 1917. The genuine starting point was ten years later; thus Soviet economic growth has been achieved in 25, not 36, years. It took Lenin's government a decade to restore to 1913 levels all facets of production which had been destroyed and disrupted by World

War I; by the revolution itself; by the Civil War of 1918-20 when White Russian armies, assisted by troops and supplies from the United States, Britain, France, Japan, failed to defeat Trotsky's new Red battalions and overthrow the Bolshevik regime; and by the "little war" with Poland.

It was not until early in 1928 that the economy was stable enough to permit launching of the first Five Year Plan. Like its successors, its overriding aim was to hurry, irrespective of human cost, the build-up of a heavy industry that could feed the Soviet war machine and lead to a strong, self-sufficient economy. At the time, the Kremlin was particularly obsessed by fears of "capitalist encirclement," induced by Marxist logic and by the intervention of World War I victors on the side of the anti-Bolshevik forces.

It was eager to telescope into a few years the development of a modern industry which, in the West, had resulted from organic accruals over a century and a half. Lacking enough engineers and other technicians, it hired American, German, British, French and other experts to design and superintend construction of steel works at Magnitogorsk, machine building at Sverdlovsk, tractors at

Kharkov, hydroelectric power stations along the Dnieper. The foreign specialists also imparted to the Russians the long accumulated precepts of the West's industrial lore from iron ore beneficiation to quality control.

To insure supply of fuels and raw materials, Soviet teams of geologists and prospectors ranged over the vast land mass, turning up incredibly rich and previously unexplored resources of coal, oil, iron ore, chrome, manganese, copper, zinc, lead, tin, cobalt, nickel, the whole catalog. A decade before we embarked upon our synthetic rubber program, the USSR was producing it in quantity with potato alcohol or limestone as key ingredients.

Since the Kremlin lacked sufficient labor to fulfill its ambitions, peasants were recruited by the million and crowded into industrial centers. Only one of three could read; the illiterate were taught to spell with Marxist maxims and factory work sheets. The Kremlin wanted the peasants who remained on the land to pool plots into collective farms (*Kolkhozi*). It thought that such larger agricultural units would be more efficient, especially when served on a group basis by tractors and harvesters that were beginning to roll from new assembly lines.

When the more well-to-do, the so-called Kulaks, balked they were "liquidated as a class": shot or banished to labor camps. At the same time, the Kremlin wanted to requisition sausage, cheese, grain to feed the new industrial workers. But since the Kremlin was investing 83 cents out of every dollar in capital goods industry and 17 cents in consumer goods industry, it could offer the peasants only inflated rubles instead of the tea, textiles, apparel and hardware for which they would have been willing to exchange their meat, dairy and grain products. They spurned the government paper, hid their wheat, slaughtered their livestock. They were slaughtered in turn, and cowed into submission. The resulting famine caused 4,000,000 people to starve to death within 26 months. But the dams and mills and plants had been going up. Many of them were operating with considerable efficiency, marred by fitful purges (1936-38) of managers and technicians.

From 1928 to 1940, or from the first to the middle of the third Five Year Plan, the Russian people, driven and deprived, were as badly fed, clad, shod, sheltered as in the worst days of tsardom. Yet the Kremlin could note that the industrial labor force had been trans-

(Continued on page 74)

**THE KREMLIN** has developed five major economic regions that can stand alone—Leningrad, the Moscow-Iaroslavl-Gorki triangle, eastern Ukraine, Urals, and western Siberia. Emphasis was on making each self-supporting in all respects possible, military, industrial, agricultural. If one region should be sealed off by enemy attack, others can fight on.





# 700 Chambers of Commerce and the Commerce Department team up to give business **MORE HELP**



*In Tulsa, Patricia Heim sends member Bryce Robey to Chamber Executive Vice President*

**A** NEW grass roots partnership of business and government—less than half a year old—has piled up more results than two decades of good intentions and bad speeches. In 700 communities from Aberdeen, S. D., to Zanesville, Ohio, chambers of commerce and the U. S. Department of Commerce are behind the counter together giving business a bang-up service.

In the formal language of Washington, this is called the "Co-operative Field Service of the Department of Commerce." Actually, this means that the local chambers of commerce are the field services of the Department. Everyone, including the taxpayer, benefits. The businessman through this arrangement now has all the amazing accumulated research of the Government brought to Main Street, and he has a direct channel to Washington for his complaints and suggestions. Already this two-way street has found productive jobs for idle machines across the nation. Uncle Sam benefits by getting a clear view of the businessman's problems and needs, unobstructed by bureaucratic myopia or political cataracts. Shutting down 11 Department of Commerce field offices has saved the Government \$315,000 a year.

The origin of the co-operative field service goes back to the days when Herbert Hoover, then Secretary of Commerce, took seriously Congress' instructions that the Department should "foster, promote and develop

commerce, manufacturing, shipping and transportation facilities." Money was scarce for government in those days, so, as a way of expanding the Department's contacts with the field, an arrangement was made with several chambers of commerce: Reports on local conditions and needs were sent to Washington via a government typist installed in the chamber office.

A more workmanlike system gradually evolved, a partnership. The chamber of commerce office, say in Wichita, took over all the chores of a Department field office. But, during the great era of government empire building, 1933 to 1953, the co-operative field offices were regarded dimly. At one time, the Department had 105 field offices where the Government paid all the bills, salaries, rent, stationery and travel allowances. Only a few of the co-operative offices were scattered over the map.

Ten years ago, the general manager of one of these, the Wichita Chamber of Commerce, was hard-driving, cheerful Arch N. Booth. The co-op arrangement made sense to him. He fired letters describing ways it might be improved to Washington. These were acknowledged and filed away in the "it-can-wait" category.

In the Government at the same time was one of those forgotten men who make government click, Carlton Hayward. He developed a special fondness for the co-op field service, and tugged at officials' sleeves with



# \$315,000 CHEAPER



*Russell S. Rhodes, left, who then refers him to*



*Parker Ledbetter, assigned to the new service*

great plans for expanding it. The atmosphere was not conducive. The brain trusters then in full glory had read Sinclair Lewis' "Main Street" at too tender an age, and regarded both business and the grass roots in the same way a champagne drinker looks on a shirt-sleeved mechanic lifting a bottle of beer.

One Secretary of Commerce, Henry Wallace, had a shrewd eye out for a field service, but one under his thumb and purse strings that would operate as a kind of political intelligence and organization bureau. His successor, Averell Harriman, was too wound up in the problems and possibilities of foreign trade to expand the co-op plan. Secretary Charles Sawyer was interested, but the rapid expansion of the regular field offices to handle National Production Authority work stopped expansion of the co-op activities.

Early this year both Mr. Hayward and Mr. Booth saw a chance to get action. A new Administration, priding itself on its friendship with business, moved in.

The new Secretary of Commerce, Sinclair Weeks, was presiding over a debate in his large, wood-paneled office. One set of advisers glowed with plans for building the Department into a giant service and directing agency for business, much like the Department of Agriculture. A more austere group said sternly, "No, we must cut our budget, live plainly and encourage private enterprise to stand by itself."

Into this debate came Mr. Hayward's plan to slash the government-operated field service, and bring all the information the U. S. Government has to offer business into more communities through a co-op field service.

Mr. Hayward walked into these councils with a contagious enthusiasm, saying, "I've been looking into the Bureau of Standards and the military research laboratories, and honestly, I'm overcome by the amount of information valuable to business that has been lying on the shelves. Why, wide awake businesses can use these new developments to take up the slack when defense orders fall off."

Arch Booth, now the executive vice president of the Chamber of Commerce of the United States, learned of the debate through a letter from an alert, ear-to-the-ground local chamber manager. The letter said:

"Last week an official of the Department told us that the new leadership seriously desires to know whether businessmen wish the Department to perform a lot of services for them, or to be a fact-finding agency, dispensing its facts to the businessmen through their chambers of commerce and trade associations. The Department is studying this and apparently there could be rather far-reaching changes in present relationships."

The letter writer then put (Continued on page 59)



# STEEL SPENDS \$1,300

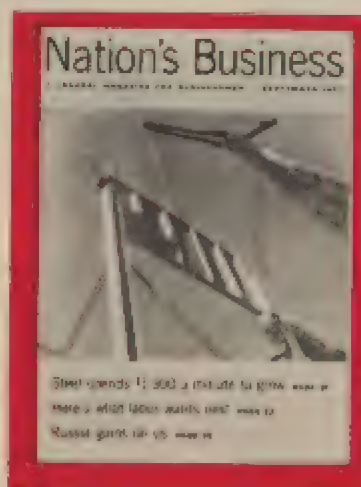
**T**HE American steel industry has been spending \$1,300 a minute, over the past seven years, to expand capacity from 92,000,000 to 121,700,000 tons by December, a gain of one third. In that period production will have actually increased 73 per cent. A further capacity increase up to a total of more than 123,000,000 tons is expected for 1955. To reach this goal, the industry—under the Government's "incentive amortization" policy—has already invested almost \$5,000,000,000 in new facilities since the end of World War II. With net assets nudging the \$10,000,000,000 mark, steel ranks fourth among our industrial titans, exceeded only by petroleum at \$15,000,000,000, Class I railroads at \$14,800,000,000 and electric power at \$11,800,000,000. Yet in importance it can lay claim to being, at least, first among equals if only because pipelines, locomotives, turbines and virtually everything else, from tanks to TV sets and toasters, depend upon steel as spine or sinew or both.

Steel's growth in productive power has quickened and telescoped changes which, beginning some 14 years ago, have been altering its geography, national and international, along with its routines of raw material research and development.

Its traditional "heartland" is the Pittsburgh - Youngstown district which the Europeans call the American Ruhr and which accounts for more than a quarter of all U. S. production. Since 1939 it has added 25 per cent to its capacity. But comparatively it is lagging behind the Chicago district which is up 37 per cent, the eastern district (all New England, New York, New Jersey, Delaware, Maryland and a few counties in Pennsylvania) which is up 48 per cent, and the Cleveland-Detroit district, up 59 per cent.

All these advances, dramatic

enough, are being overshadowed by the spectacular showing of regions below the Mason-Dixon Line and around the Rocky Mountains. The former has registered a 118 per cent rise in productive capability, and the latter 232 per cent, performances which reflect their recent upsurge in population and industrial activity. Texas, for example, which in 1939 had a potential of less than 5,000 tons a year has passed the 1,300,000 point. California has swung up from



less than 1,000,000 to 3,000,000. Utah and Oregon which, when Hitler was overrunning Poland, had no steel plants whatever, have now reached 1,600,000 and 110,000 tons, respectively.

To enlarge steel capacity requires more than capital outlays, the modernizing of an old mill or putting up a new one. In recent years, the depletion of high grade iron ore reserves, notably from the Mesabi Range, forced intensive search for alternative supplies, as furnace demands grew daily more voracious. One successful result of experiments, in laboratory and afield, has been to

make commercially feasible the use of lower grade iron ore found in the hard rock taconite, abundant in the Great Lakes area. The rock is ground into powder, the ore particles drawn out magnetically, and then fused into pellets. Although this process is comparatively expensive, there are signs that it will be widely adopted, especially if beneficiation costs can be further lowered and blast furnace efficiency heightened. Meantime, somewhat breathless explorations for high grade iron ore have been rewarded by discovery or confirmation of extremely valuable deposits in Canada, Venezuela, Liberia. Mines have been opened up, haulage systems constructed, and even whole new communities brought into being, complete from housing to schools and medical care.

When the cold war virtually shut off the 34 per cent of the industry's manganese, formerly provided by the USSR, and crucial to steel hardening, compensatory sources had to be developed swiftly or amplified in India, Africa, and Cuba. Concurrently, the quest for methods to reclaim manganese scrap was given a triple-A priority as chemists and metallurgists re-examined old formulas with fresh interest while devising new ones. At the moment, preliminary tests hold promise that American dependence on foreign supplies can eventually be cut in half. Less heartening is the situation in regard to tungsten, especially vital for machine tool steels. Red China which previously provided 68 per cent of this alloy has embargoed all but token shipments to the United States. Efforts to make up this loss by imports from Portugal, Australia, Thailand and Japan still have a long way to go.

As U. S. technology becomes more advanced and complex, in both its civilian and defense facets, it calls



# A MINUTE TO GROW

for an ever increasing quantity of steel alloys—not only manganese and tungsten but chrome and cobalt and columbium and others, mainly obtained outside the Western Hemisphere. Hence the sea lanes over which these travel 7,000 miles from Southeast Asia, for example, have today become as important to steel as were the inland waterways of the Great Lakes and the Ohio and other rivers which, in the era of the industry's beginnings, were its traffic routes, dictating the choice of such historic centers as Homestead. The world-wide character of the industry, always considerable, has acquired new dimensions. Its access to iron ores and manganese and other indispensable from far-distant places is no longer only an economic question central to its operations and their effect upon national prosperity. It is also a political and military question, global in scope, and central to national security.

It is this new production map of steel, with its added areas, headaches and costs which tends to mar the satisfaction that management would normally derive from the extraordinary expansion of recent years. That satisfaction is also tinged with a certain unease over the future of our domestic economy. On the one hand, steel executives are pleased about their industry's vast new size. They feel that it can never again be charged with being backward, or as impeding the country's economic progress—a familiar criticism in the immediate postwar years of shortages and gray markets. They point out that since 1900 steel capacity has increased ten times faster than population; that today every American on the average commands 20,000 pounds of steel which is both a cause and an index of our high living standards.

On the other hand, they are aware

that, except in times of war or defense build-up as at present, steel has never operated at 100 per cent of capacity. They remember that even in the boom of 1920-29 it was performing at only 78 per cent of its potential, and in the depression of 1930-39 at 48 per cent. They are concerned over what a recession might do to their current sales volume of \$10,700,000,000 a year, which yields a profit of \$530,000,000 after paying taxes of nearly that much. They are worried about their 700,000 stockholders who now receive a return of 2.9 cents on the dollar. They wonder what a slump will do to their 675,000 employees, the overwhelming majority of whom are plant labor and who earn \$2.30 an hour, the next highest wage in the country, with only the soft-coal miners edging them out by a penny or two.

Above all, steel's executives know that, despite their industry's pivotal and pervasive position in the economy, it can only mirror underlying business conditions, not influence them, at least to any appreciable extent. More than any other industry of comparable status, it depends upon the decisions and intentions of its customers, all 30,000 of them. For the paradox of steel is that it is a mass production industry that has to function on a "custom-made" basis. Unlike the manufacturers of cards, cigarets, or breakfast cereals, a steel company cannot turn out a single uniform product, with some very few exceptions.

Almost everything it makes, from plate for battleships to ultrathin sheets for wallpaper (a recent novelty use) has to meet a particular set of specifications.

Our newest jet plane, for example, contains 100 steel components, each having to conform to rigid requirements. The turbine blade, fashioned

of superalloy, has to withstand stresses of more than ten tons per square inch at a temperature of 1,500 degrees Fahrenheit. The steel tubing in the plane's hydraulic system has to endure pressures up to 4,000 pounds per square inch and resist corrosion completely since a flake of rust could lead to leakage that would prove fatal to the pilot.

To be sure, specifications for most of steel's products are hardly as exacting.

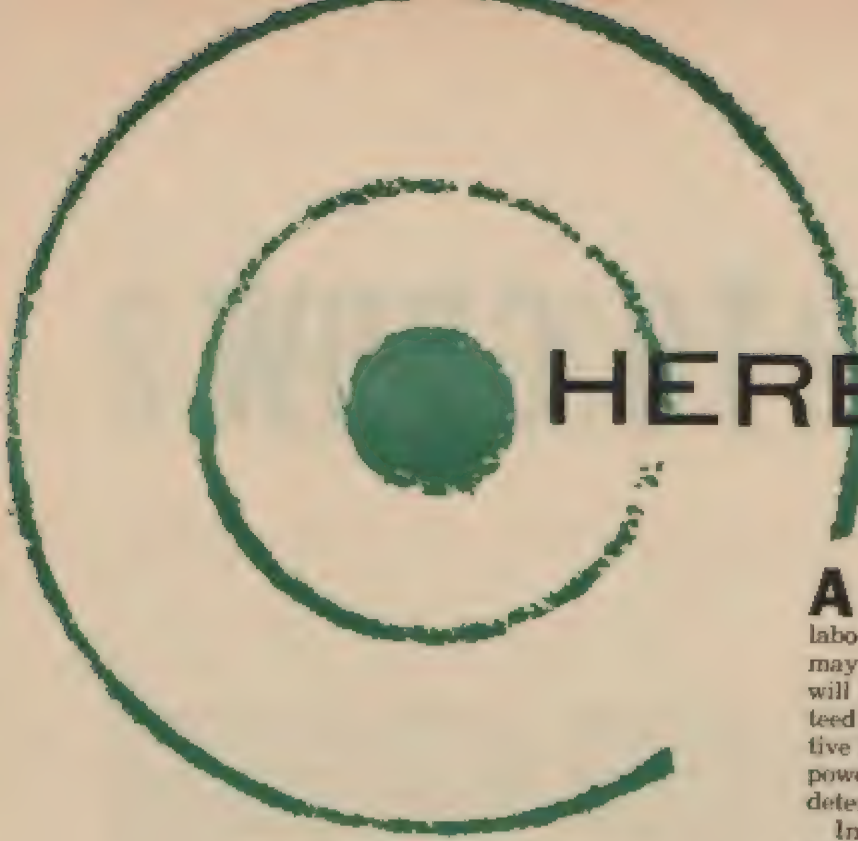
But even carbon steel wire for a hairpin has to bend without fracture and be smooth enough to allow a coat of lacquer to be baked evenly on its surface.

Despite huge rearmament outlays, only 14 per cent of steel's current output goes into defense; automobiles, trucks, buses take 18 per cent; construction, including hardware and plumbing, 16 per cent; railroads and industrial equipment, eight per cent; cans and other containers eight per cent; and household appliances, three per cent. The remaining 33 per cent is lumped under "miscellaneous" which gives the word a new meaning since it covers 100,000 variations in size, shape and composition.

This diversity in demand is matched only by diversity in specifications for pliers and bridge beams, hypodermic needles and cyclotrons as these express the needs, preferences and innovations of customers who keep steel's market analysts in a swivet and its research technicians ready but waiting.

Hence, while steel remains an extremely accurate and sensitive reflector of economic trends, the old adage that "as steel goes, so goes the nation" has even less validity than the similar folkway about the State of Maine in national elections. The truth is rather the reverse: "as the nation goes, so goes steel." **END**





# HERE'S WHAT

The unions have chosen  
the Guaranteed Annual Wage  
as their next objective  
and warn that they will  
pull no punches to get it.  
Here is a description  
of the issue to help you  
follow the fighting

By **SIDNEY SHALETT**

**A** POWDER-KEG situation is shaping up on the labor-management front, and indications are that it may explode next spring. The eruption, if it comes, will be over a principle loosely described as "guaranteed annual wages." Already—even before the collective bargaining period is at hand—the CIO's two most powerful unions have served blunt notice that they are determined to win this battle at any cost.

In the tough language that crops out when a major impasse develops at the bargaining table, labor has a phrase to show that it intends to go to the mat. "We'll take a strike," their spokesmen say.

There are times when management feels it necessary to answer in the same phrase, "We'll take a strike." If neither side concedes, and if the industry involved is one of the giants, this swapping of the verbal gauntlet is prelude to a grim, ruinous business. Plants shut down, workers trade paychecks for picket-line placards and soup-line handouts. Bitterness and violence flare. The public inevitably suffers, and often even the nation's security is affected.

The controversy brewing over the guaranteed annual wage issue has the makings of just such a "we'll-take-a-strike" showdown.

Decision will come between next spring, when the new contract of the United Steelworkers of America, CIO, with the major producers of the basic steel industry is up for negotiation, and May through August, 1955, when the major contracts of the United Auto Workers, CIO, expire. Already management is weighing its forthcoming course of action. Its decision must be whether to resist, capitulate, or compromise. Although the last course at first glance may seem more feasible, management is apprehensive that it contains hidden dangers.

The view that trouble lies ahead is based not on speculation but on statements by labor leaders themselves. They have spoken in plain English, too.

For instance, in September, 1951, Walter Reuther, head of the Auto Workers and now CIO president, declared that he was placing the automobile industry on notice, long before the bargaining period, that UAW was going to fight for guaranteed annual wages. He didn't want the bosses protesting, he said, that they had been taken by surprise and needed time to think it over.

Let the companies say no to the UAW, Mr. Reuther went on, and "a lot of people will be riding around in jalopies—because UAW members won't be producing new cars until their demands are met."

Even more blunt is the statement of Nat Weinberg, UAW research director:

"If you [management] make it necessary, they [the UAW members] may acquire a lot of picket-line seniority before they win wage guarantees; but in the



# LABOR WANTS NEXT

end you will come to the bargaining table, pen in hand, to sign guaranteed wage contracts."

Steelworker leaders—it was their union which actually began the concerted drive to make the guaranteed annual wage a part of big-time national industrial policy—are more temperate in their language but equally positive in their expressed intentions. The Steelworkers, who twice have tried—unsuccessfully—to win this benefit, again will be the first on the firing line in the new attempt. Their current contract expires next June 30, and negotiations will begin some 60 days earlier.

Actually, the Steelworkers had a preliminary skirmish on the guaranteed wage front this year. As bargaining agent for some 16,000 CIO employees of the Aluminum Company of America, the union presented such a demand in negotiations last June and July. But, apparently saving its heavy ammunition for next year's bargaining in behalf of more than 1,000,000 steelworkers, it did not go all-out in the aluminum negotiations.

In considering how serious the forthcoming showdown may be, it is significant that the two unions spearheading the drive together comprise approximately half the membership of the CIO. Both the Auto and Steelworkers unions have memberships of better than 1,000,000. The CIO itself has officially endorsed the guaranteed annual wage as "one of the prime ingredients for the growth and even the maintenance of a prosperous economy," and, according to CIO spokesmen, "many other unions" are showing interest in following the lead of the UAW and Steelworkers.

The American Federation of Labor has a more conservative approach, but is not actively hostile; indeed, some AFL locals already are winning small-scale guaranteed annual wage contracts.

What is this guaranteed annual wage proposition that the unions are fashioning into a fuse for the 1954-55 industrial bombshell? Actually, the idea is neither new nor untried. In concept, it is not even a particularly radical theory—unless its backers choose to use it as camouflage for something it is not intended to be—and, under certain circumstances, some industrial leaders hold it has a definite place in the labor-management scheme. In fact, some of the oldest and most successful of the plans now operating were instigated by management itself.

What industry fears in the proposals being germinated by the Auto and Steelworkers unions, however, is that they will not be guaranteed annual wage plans at all. In essence, labor itself partially concedes that this is true. The current UAW-Steelworkers-CIO line—a departure from earlier arguments—is that the guaranteed annual wage plan is a means of implement-

ing "inadequate" state unemployment compensation laws. This would not be an easy pill for industry to swallow, but conceivably, if forced to do so, it could keep it down if the "dose" was not increased.

Some industrial analysts, however, doubt that the unemployment compensation tie-up is the whole story. "The ultimate demands," a steel corporation spokesman pessimistically predicted, "will be limited only by the imagination of those who conceive them."

An automotive company economic consultant expressed another viewpoint. He is convinced the unions are grooming the plan as an opening wedge to increase not only pay rates but total manpower hours—more union members. He predicts that, if wage guarantees are imposed, the companies next will find the unions playing off favorable hourly pay rates against concessions for increased employment.

"The unions," he said, "are smart and purposeful. They keep their eye on long-range principles. Often the companies fix their eye on immediate dollar-and-cents gains, not on principles. This time, it would be smart for management to think—as the unions do—of principles."

Literally speaking, a true "guaranteed annual wage plan" would be a contractual agreement by an employer to pay his employees full salary for 52 weeks a year, regardless of whether there was work for them. Few of the existing agreements, however, go so far. A relatively small company with a reasonably stable production and distribution pattern might make such an all-encompassing agreement without too much risk of economic disaster—and some have.

However, huge plants employing tens of thousands of workers to serve thousands of customers in fields subject to seasonal and economic disruptions look with dismay on the prospect of guaranteeing wages for even 30 weeks a year, with no equal assurance of uninterrupted production and incoming orders. Sensing—in their opinions, at least—the hot breath of potential bankruptcy down their necks if they enter into such agreements, the men who run these corporations are not impressed by labor's argument that the obligation to meet a guaranteed payroll would "stimulate" management to "plan better" and "avoid disruptions," both seasonal and cyclical.

Possibly a psychological factor is involved: America being what it is, most corporation managers are old-fashioned or stubborn enough—call it what you will—to want to keep on running their own businesses without managerial advice from labor! "If this be reaction," one industry spokesman wryly quipped, "make the most of it!"

The history of guarantee plans in this country goes back to the 1890's  
*(Continued on page 93)*





PAUL BLINCY

Don L. Mullican, left, and Dr. George B. Bean distinguished themselves last year when a tornado hit Searcy, Ark., and then went on to demolish two small neighboring towns. They set up an amateur radio network which brought help and equipment to the area



## ALL HAM AND

*Many people know how brilliantly amateur operators have performed emergency relief work; but few realize their significant contributions to the field of radio*

By **RICHARD GEHMAN**

**B**ACK in 1946 the Signal Corps of the United States Army announced, with a pride that could not be concealed by its stiff, khaki-clad official language, that technicians had succeeded in bouncing radio signals off the moon. The event was hailed as a significant achievement, and rightly so. Last year some radio men in Cedar Rapids, Iowa, operating under a government contract, had the satisfaction of ricocheting signals from Iowa to the moon to Washington, D. C., and this, too, was widely commended. Having divulged these two bits of lunar intelligence, the newspapers of the nation evidently decided that their readers were saturated, moonwise; for last January, when an even more remarkable event occurred, it was accorded only limited coverage.

It happened in Falls Church, a Virginia suburb of the nation's capital, where a bristle-haired amateur





# A WORLD WIDE

radio man named Ross Bateman and his partner, a tall and calm amateur named Bill Smith, finally caught on a wire recorder some echoes of signals their station, W4AO, had transmitted to our neighboring satellite. They had been working at their experiment for several years. In July, 1950, they picked up one weak "beep" on their recorder. They enlisted the aid of another amateur, Ted Tuckerman, of Dunmore, Pa. On Jan. 23, 1953, Mr. Dunmore's receiver picked up a few feeble echoes of signals transmitted by the pair in Falls Church. Finally, on Jan. 27, Messrs. Bateman and Smith were able to get back a series of echoes — indisputable evidence of their success.

The boys will take their places in the hall of fame of radio. It was as though a young garage mechanic, using bits of old coffee grinders and sewing machines, had put together a

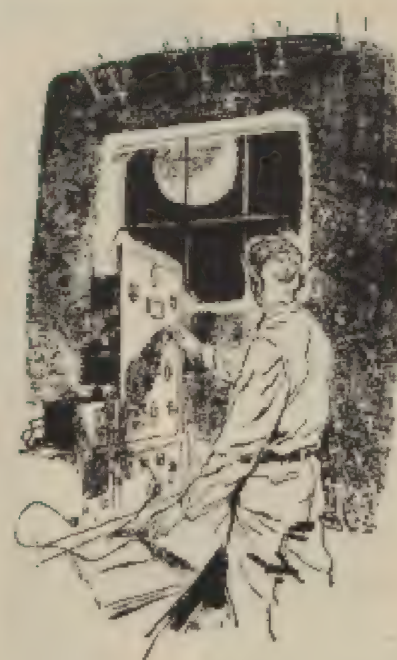
sports car and successfully competed in a race made up of Bentleys, Jaguars and Ferraris. For while the Army and government technicians had hit the moon with equipment employing many thousands of watts, the Virginia pair had done the same thing with about 650 watts of power.

Yet, in one sense, Operation Bateman-Smith was not unusual. If anything, it was typical of the kind of achievement that has characterized amateur radio operators, or "hams," for years. In most other fields of scientific research—medicine, for example, or atomic energy—the workers have operated in superbly equipped laboratories, aided by grants of private or public funds. In radio communications, a goodly portion of the most significant developments have been written in the records by hams operating under junk box conditions and supporting their experiments themselves.

It was Frank Conrad, an amateur, who first opened the eyes of the Westinghouse Corporation to the possibilities of commercial broadcasting. It was because of ham activity that short-wave channels were utilized for transoceanic communication. An amateur named James Lamb, now research chief for Remington-Rand, Inc., perfected the single-signal receiver, used currently in most all communications systems. Another, Ross A. Hull, did important exploratory work in the very high frequencies, the bands that television transmitters now use. (Mr. Hull, by the way, died for his hobby; he was electrocuted while working in his laboratory.)

These are only a few high spots. To list amateur advances and innovations in detail would require several issues of this magazine. To the list of distinguished hams can be added the name of the great Marconi





Ross Bateman, left, and Bill Smith made ham history recently when they bounced radio signals off the moon with about 650 watts of power

himself. In 1933, visiting the Chicago World's Fair, he stopped in at the amateur station on the grounds and commented favorably on the workmanship that had put together the equipment.

"But it was built by an amateur," his guide said.

"I myself," said Marconi, the first man to send wireless signals across the Atlantic, "am only an amateur."

Anyone who has ever read an account of a notable disaster, such as the Texas City explosion, the Woodbridge, N. J., train wreck, or the midwestern floods of 1952, must realize that amateur activity is not confined to technical research and development. Hams performed brilliantly in emergency relief work, relaying messages, calling for help, and setting up official communications systems for those three tragedies.

Indeed, hams have been valuable in emergencies for more than 40 years. A list of disasters in which hams assisted since the end of World War II was submitted to the Federal Communications Commission last year; the emergencies numbered 158. In many cases, they rendered their services under the most adverse conditions imaginable, using hastily

constructed equipment, and at considerable personal risk.

The story of Don L. Mullican of Searcy, Ark., illustrates what hams have done. In the spring of 1952 a tornado hit Searcy, damaged it, and then proceeded seven or eight miles and completely demolished little Bald Knob and Judsonia. Don, a Bible student, immediately got his radio equipment into operation. The power was out, so he ran lines to his set from an automobile battery. Meanwhile, Dr. George B. Bean, an osteopath of Little Rock, recruited five other amateurs, loaded a generator and some equipment on a truck, and drove 50-odd miles to Judsonia. The Red Cross had set up at Searcy because there were no structures left standing in Judsonia. Thus Dr. Bean's first problem was to contact Searcy—but before he could begin transmitting, Don Mullican's signals came in.

The emergency workers began ordering blood plasma, blankets, ambulances, bandages, cots and tents; Don transmitted the orders to a network of amateurs that had immediately sprung up all over the state. Thanks to the messages, help and equipment began coming in.

The disaster occurred on a Friday afternoon; Don remained by his set until Monday, without sleep. Then he snatched five hours and went back on the job, transmitting almost continuously until Wednesday. By that time the amateur network was sending and receiving messages from all over the country—messages to and from people who had relatives or friends in or near the demolished towns. One, addressed to a California family, said: "House blown away. Come get grandpa."

Another amateur, Henry Jenkins, lighthouse keeper at Tillamook Rock, on the Oregon coast, saved an untold number of ships in the area when his light and telephone and foghorn were put out of commission by a storm. He put together a set with some parts from a battery-powered receiver, wire, and brass doorknob plates. Once on the air, he got in touch with hams on the mainland, and they in turn warned ships away from the dangerous coast.

To the layman, the most amazing part of both these stories is the results that amateurs achieve on infinitesimal power. By FCC regulation, no ham station can use more than one kilowatt, or 1,000 watts. Yet the



average amateur uses only about 100 watts, and under favorable conditions, five-watt and ten-watt stations have established communication around the world.

Jack Cluett, an enthusiastic writer on radio subjects, tells of a ham's wife in Oak Park, Ill., who found herself locked out of the house on a cold night. Inside, her husband could not hear her knocks; he was on the air to a friend in Johannesburg, South Africa. The wife went next door, where another amateur was also talking to South Africa. He sent a message, and the South African relayed it back to the husband. Total distance: around 32,000 miles, a long way for a wife to go to get her husband's attention.

All amateurs in this country are monitored and regulated by the FCC, to make certain that they stay in their own hands of the ether (although many amateurs do a certain amount of self-monitoring). Any citizen, regardless of sex or age, can become an amateur, provided he can pass the FCC examinations. There are six classes of operator's licenses, each a little more difficult to obtain than the preceding, and each one serving as a testimony of the licensee's ability to send and receive in international code, and of his knowledge of the national and international regulations covering his hobby.

Hams like to say that theirs is the only hobby governed by an international treaty, and the statement is true. Radio regulations are laid down at periodical conferences between nations. For years, the United States has been fighting for the rights of its amateurs, who use the same bands as armed forces, police, and governments of all nations. If some foreign countries had their way, hams would be outlawed.

Nobody seems to know exactly how the word "ham" originated. Eric Partridge, the authority on argot, says it began in England around 1936. Some U. S. experts attribute it to the Cockney pronunciation of the word "amateur" as "Hamateur." If no one is certain of the origin, everyone is certain that right now hammy is in its finest flower. There are more hams than ever before: approximately 100,000 in the United States, and some 50,000 others scattered around the world. FCC figures indicate that there are even more; but each license granted by the FCC counts as a unit in its total, and some operators hold more than one license. About half the active amateurs transmit solely in code; the



*The DX Century Club is the goal of many amateurs like Henry Evans*

others use both code and voice transmission.

The recent boom in amateur radio is partly attributable to the FCC's action in July, 1951, of setting up standards for two beginners' licenses, the Novice and Technician classes. By December, 1952, when Commissioner George E. Sterling (himself an amateur) addressed the New York Radio Club, there were 12,730 Novices registered with the FCC and around 3,601 Technicians.

These figures hint strongly that amateur radio has become big business, as indeed it has. At the end of this year, hams will have spent from \$12,- to \$15,000,000 on equipment alone. They will have paid at least \$3 each for more than 100,000 copies of the Radio Amateur's Handbook. It is a publication of the American Radio Relay League of West Hartford, Conn., an organization of which more will be said presently. Hams will have spent approximately \$500,000 for various magazines and publications, and will have paid a like sum in dues to local and national organizations.

Many radio equipment firms literally owe their existence to amateur radio. Take, for example, Collins

Radio Company of Cedar Rapids, Iowa, which employs some 5,100 people and has branches in Dallas, Tex., and Burbank, Calif. Collins grossed around \$80,000,000 last year, manufacturing equipment for airlines, communications companies, broadcasting stations and amateurs.

Art Collins, the founder, began the business in 1932 with two co-workers and a shack. He had become a ham in 1924, and he is still one. Jim Flynn, company sales manager, is also a ham, and so are many of Collins' key executives. So are, or were, many key radio industry executives: Ross D. Siragusa of the Admiral Corporation, Dr. Allen B. Dumont of Dumont Television, Bill Halligan of Hallicrafters, and James Millen of the James Millen Company. I. S. Coggeshall, president of the Institute of Radio Engineers, is an amateur. The radio industry is shot through with the species. At the NBC studios in New York, there are more than 60 hams on the engineering staff. When personnel men with Bendix Corporation's Baltimore plant were looking for field engineering men, an ad placed in *QST*, the amateur radio

*(Continued on page 70)*



# The tax man rings TWICE

By J. KIRK EADS

Double taxation of dividends  
is cutting down the supply of  
risk capital and endangering  
the future of our economy

**I**F YOU own a share of stock—and 6,400,000 Americans do—double taxation of dividends is as close to you as your pocketbook.

If you're in the top income bracket you may be investing \$100 to get back 38 cents—very poor odds in any kind of transaction.

If you're lower down the income scale, you still can't get as much as four per cent on your investment—even though the corporation in which you own stock makes ten per cent.

A man whom we shall call Harry Williams did some simple arithmetic on his own investments.

This is his story:

Harry is in the top income tax bracket. Having some money to invest, he looked around for a promising corporation. He found one—a relatively new company which was doing all right. Harry recognized that there was some risk involved, but the company was earning ten per cent on invested capital, which made the investment attractive.

But then Harry began doing some figuring. For each \$100 he invested, the company would presumably earn \$10 on that investment. But before he or any other stockholder got a penny of dividends, Uncle Sam would step in and take out the standard corporate income tax of 52 per cent. This meant that if the corporation didn't plow back any of its earnings into growth or expansion, he would be entitled to \$4.80 in dividends.

Because Harry was a top bracket taxpayer, 92 per cent of every extra dollar he earned in 1953 would go to the tax collectors. By the time they got through with his \$4.80, only 38 cents would be left.

Out of the \$10 the company earned with Harry's \$100 investment, \$9.62 would go into the federal Treasury.

And if the corporation should retain half its after-tax earnings, Harry's return would be only 19 cents.

Having gotten this far in his figuring, Harry gave up the idea of buying the stock.

His experience was the result of a tax system which taxes the same income twice—if it happens to be income derived from corporate business. This system is attracting more interest than ever before, partly because of the high tax rates of recent years and partly because more tax experts and laymen are beginning to worry about its effect on the supply of risk capital and on the future of our private economy.

Granted that—unlike Harry—most people are in lower tax brackets.

Let's go all the way to the other extreme and con-

CORPORATION  
EARNINGS ON  
100 DOLLARS  
\$10





sider a man in the lowest income tax bracket. The corporate tax is no respecter of stockholders' incomes, and the little man who put \$100 into the same company would find the federal Government taking the same 52 per cent out of the earnings on his investment. Being in the lowest income tax bracket he could expect to pay a personal tax of 22.2 per cent on the dividends he received. His after-tax return for risking \$100 in a company which earned ten per cent would be \$3.73, or less than four per cent on his investment.

In both cases, the corporation is presumed to have paid out all of its earnings after taxes in dividends. Of course, the great majority of corporations would retain a substantial portion of these earnings for reinvestment in the business, which would make the immediate dividend return even smaller.

Before World War II—in 1939—corporations as a group paid out about 76 per cent of their after-tax earnings to their stockholders. Since the war, this percentage has fallen as low as 35 per cent. This drop in the percentage, and the corresponding effect on the attractiveness of investment in corporate stocks, is in large part a result of the double taxation problem, since corporations find outside capital harder to obtain and must depend more on retained earnings for their growth.

Under the circumstances, any investor—top bracket or lowest—would be tempted to forget the investment and look for a good tax-exempt municipal bond, thus unwittingly helping creeping socialism creep a little further.

Every actual or potential stockholder is affected by double taxation. To see how it would affect your own rate of return from a stock investment, you can use the simple chart on this page.

In this country today some 6,400,000 people own stocks—shares in American industry. About a third, according to a study made by the Brookings Institution, have incomes of less than \$5,000 a year. Almost 45 per cent earn between \$5,000 and \$10,000. Less than a quarter of our stockholders earn more than \$10,000 a year.

So the problem of double taxation of dividends is not one which applies only to the wealthy few. Each of these stockholders, no matter what his income, has a stake in industry. Each of them has saved his money to make the investment. And to do so, he has done without the immediate goods and pleasures he might have bought with the money.

The greater number of these stockholders have invested because they

(Continued on page 81)

## HOW DOUBLE TAXATION CUTS DIVIDEND INCOME

If your surtax bracket is . . .

And you invest \$100 in a corporation earning 10% on invested capital, your return would be . . .

If corporation pays out all its earnings . . . If corporation retains 50% of its earnings . . .

\$	0 - \$	2,000	\$3.73	\$1.87
	2,000 -	4,000	3.62	1.81
	4,000 -	6,000	3.41	1.71
	6,000 -	8,000	3.17	1.59
	8,000 -	10,000	2.98	1.49
	10,000 -	12,000	2.78	1.39
	12,000 -	14,000	2.50	1.25
	14,000 -	16,000	2.26	1.13
	16,000 -	18,000	2.11	1.06
	18,000 -	20,000	1.97	.99
	20,000 -	22,000	1.82	.91
	22,000 -	26,000	1.63	.82
	26,000 -	32,000	1.58	.79
	32,000 -	38,000	1.54	.77
	38,000 -	44,000	1.34	.67
	44,000 -	50,000	1.20	.60
	50,000 -	60,000	1.10	.55
	60,000 -	70,000	.96	.48
	70,000 -	80,000	.82	.41
	80,000 -	90,000	.72	.36
	90,000 -	100,000	.58	.29
	100,000 -	150,000	.48	.24
	150,000 -	200,000	.43	.22
	over \$200,000		.38	.19

(Since above returns are based on \$100, figures may also be read as percentage return.)

### How \$100 Invested by a Man in the Top Tax Bracket Labors to Produce 19 Cents

CORPORATION  
INCOME TAX

\$5.20

CORPORATION  
PAYS OUT AS  
DIVIDEND

\$2.40

CORPORATION  
RETAINS FOR  
REINVESTMENT

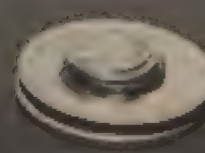
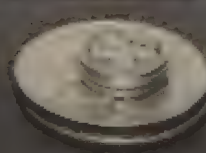
\$2.40

PERSONAL  
INCOME TAX  
ON DIVIDEND

\$2.21

RETURN AFTER  
PERSONAL INCOME  
TAX PAYMENTS

19 cents







# It's EASIER when you're HONEST

By HENRY LA COSSITT

*Insurance companies long have been a prey of characters out to make a fast dollar. Many old dodges are being worked, but not for very long*

**M**ORE than 80 insurance companies paid casualty claims in excess of \$1,800,000,000 for the 12 months ending January, 1953—and proportionately colossal payments have been going out for years to the damaged and injured. With such a hoard to be tapped, felonious speculation is ever popular among the more larcenous of the population. The hoard also long ago gave rise to the insurance crook—a peculiar predator who is as active today as he was half a century ago and who, in all probability, will continue to flourish as long as the institution of insurance exists.

What the insurance crook does is always the same: fakes an accident and claims personal or property damages. But how he does this is constantly changing, and the energy he expends and the ingenuity he exercises are astounding.

There is the case in Chicago of a man known to have faked 38 claims, all of which were for damages incurred in mythical automobile accidents. There is, of course, nothing new about a fake auto accident; but our man did something no insurance fraud—or anybody else—ever had done before: he managed to be two people at once. In each of the 38 cases he was the injured individual, and therefore the plaintiff; in each of the 38 cases he also was the person who did the injuring—in other words the defendant.

This seemingly extraordinary feat was simple in itself. As the insured, our man never was seen by anybody at the insurance companies—and he had no address other than a mail drop at which he appeared rarely—and then, only after the most careful reconnoitering. He would report by mail or telephone that he

had damaged someone's car by colliding with it after driving through a red light. And he always said that he had not seen the red light and that he definitely was at fault. Thus, he established liability.

Later, as the injured person, he would appear at the carrier's office with a receipted bill from a garage and perhaps another from a doctor. Irritated, he would say that his patience was exhausted, that he had been told by the man who hit him that he would be indemnified, that if payment were not forthcoming quickly he would put the matter into the hands of a lawyer. The insurance people did just what most people would do when confronted by such evidence—settled under the best terms they could get.

Naturally, the insurance had been taken out under various aliases and naturally our double-identity man didn't show up at the same insurance office twice. The schemes might have been worked indefinitely had the man been able to divide himself further and act as garage man, doctor and lawyer, too. But, the usual greed took over, and he had to get others to help him operate his racket. Inevitably discrepancies in their stories showed up as investigators dug into reports and inevitably our man was indicted. So still another twist in the ancient racket had been straightened out. But there are others.

There is the handsome Colorado widow, known as Rimrock Annie. Annie came by her robust name because she had been, of all things, a hardrock miner. While this no doubt was an irksome vocation for a handsome lady, Annie considered no mere feminine activity when finally she forswore it; instead she em-



barked upon what we may call the "Operation Skull Fracture."

This, according to insurance men, was something unique in fakery, another new technique for an old swindle. In more than 50 instances, Annie hoodwinked competent doctors into believing that she had fractured her skull—which she once actually did—for which she received amounts varying from \$7,000 to \$200 from insurance companies. She was able to do this because of a physical peculiarity. The pupil of her left eye had been enlarged from an earlier mastoid operation and an enlarged pupil is a symptom of a skull fracture. So is blood seeping from the ear and this was easy for Annie. She simply bit her lip or her tongue and daubed some of the blood in her left ear. As for a third symptom—nausea—that was no problem. There are emetics.

When Annie confessed two years ago, her pride in her accomplishments was great, even though she was sentenced to three years in the Colorado state penitentiary. She had been arrested while preparing to sue not one, but two, motorists for damages under different names but using the same presumed skull fracture.

She was first suspected—as was our Chicago doubleton—because each claim for indemnity is filed by insurance companies under a phonetic system. That is, names are filed according to the way they sound—not according to the way they are spelled. Thus, Smith, Smyth, Smythe, Smidt, Schmidt, etc., are all together, as are Burk, Burke, Bourk, Birk and so on. It is an occupational trait of crooks to pick aliases that are similar.

Annie had half a dozen similar ones and it occurred

to investigators that many handsome widows with similar names were fracturing their skulls. They began to look more closely and Annie was caught. Incidentally, the fact that she once fell on her head so realistically in Reno, Nev., that she almost died because of it, didn't bother her in the least. That was the job for which she received \$7,000 and she considers it her masterpiece.

Just how much the operations of insurance crooks net them, no one can say with accuracy. The minimum estimate is \$20,000,000 yearly; others run higher. In any event, there is some speculation that it may even affect insurance rates in some areas, although this, naturally, cannot be proved.

It is a fact, however, that certain cities and at least one section of the country are distinguished—if that is the word—for insurance frauds. The cities are New York and Chicago, where such cases are common, although the third city of the nation, Philadelphia, is almost free of them. Why—nobody knows. An active area for fraud always has been the rural South, especially those districts where poverty is more widespread.

The apparent record for ill-gotten insurance gain is held by Dave Schiffer, a notorious New York operator. Schiffer claimed in his memoirs, published on the eve of his sentence to Sing Sing prison in 1948 for from four to eight years, that he had bilked insurance companies of more than \$1,000,000 during the 15 years he operated. He was so clever, incidentally, that for five years after insurance investigators became aware of him, they were unable even to get a description of him. He was also unique in that (Continued on page 78)



CHARLES ADAME





# HOW'S

## AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

### AGRICULTURE

SEVERAL business lines are feeling the effects of softening purchasing power of farm areas. Most frequently mentioned is the farm machinery and equipment business. Some household items are affected, too.

The general impression is that the difficulty is not that "farmers don't have the money." They are generally credited with being in fairly good financial condition. Draggy sales are attributed to a farmer psychology of caution and uncertainty about the future. As long as this attitude continues and finds justification in farm price trends, business in predominantly agricultural areas is "not quite so good."

Meanwhile, latest official figures show a near-record year of farm output, in spite of bad conditions—floods, insects, disease, weather—in many places. The crop's size put a strain on storage facilities for those farmers wishing to put the grain under CCC price-supporting loans. It became necessary for CCC to offer storage loans at 80 per cent of the official loan rate covering temporary storage for 90 days only in 14 states.

### CONSTRUCTION

BUSINESSMEN are advocating a number of far-reaching measures as necessary to maintain order and stability in the mortgage market and to insure home buyers an adequate sup-

ply of needed funds. The most drastic of these measures would remove entirely the Government's control of FHA and VA interest rates and leave such regulation to the state usury laws.

The contention is that this move would permit these two programs to operate in competition with other investments.

Advocates of the measure insist that the inherent advantages of the guarantee would keep the rates on these loans in a favorable relationship to those on uncontrolled loans and that removal of government controls would stimulate the flow of funds into remote areas.

Meanwhile, in spite of the temporarily disorganized mortgage market, private building is running some five per cent ahead of the past year. Savings and loan activity is up 22 per cent and mutual savings banks and insurance companies are also lending in excess of 1952. FHA operations have increased substantially over last year and even VA lending, hardest hit, has been moving slightly upward.

### CREDIT & FINANCE

THE Treasury Department is working up a high-powered program to put new talent and new ideas into the lagging campaign to sell savings bonds.

The Department is trying to follow two guiding principles in dis-

tributing the public debt—and it is having some difficulty with both.

The first principle is that the great volume of short-term obligations, which need constant refunding, should be replaced to a large extent by long-term bonds. While some steps have been taken in this direction, the program has run head on into the need to find funds to cover the current deficit. The Treasury is more or less forced to find the money where it can, at least for the time being, and main reliance will continue to be on short-term securities.

The other principle is that as much of the new money as possible should come from noninflationary savings bonds instead of from the sale of bonds to banks. But savings bonds have virtually ceased to be a source of new money, since sales of new bonds have recently been just about enough to pay for redemptions of old ones.

### DISTRIBUTION

THE DAY of the automatic sale is gone for the time being. Only an extreme war scare can change this. This means that the boom has subsided. But the opportunity for good business in distribution is still present.

Automatic markets were those developed by the creation of new consumer groups, shifting populations and rising incomes. The settling process now results in fewer "ready-made" markets.

Modernization and replacement markets will replace the automatic. These markets must be worked but they can bring new volume. All American families either desire new homes, furnishings, appliances, etc., or must replace such articles soon. They will postpone action in these markets unless sold.

In this revived buyers' market, distribution practices are likely to be reshuffled. Emphasis will be strong on dealer reorganizations from the manufacturer to the point of consumer purchase. Discount houses will have it a little tougher.

Customer optimism is still high and credit and inventory pictures are not alarming. Sales volume may not always beat last year's, but business will be good, if the market potentials are really worked.



# BUSINESS? a look ahead

## FOREIGN TRADE

BUSIEST people in Washington will be the members of the Commission on Foreign Economic Policy, just authorized by Congress. By next March the Commission is "directed to examine, study, and report on the subjects of international trade and its enlargement consistent with a sound domestic economy, our foreign economic policy and the trade aspects of our national security and total foreign policy; and to recommend appropriate policies, measures and practices."

These are only the general instructions which alone will require an army of wise men, instead of just 17 appointees plus staff.

The specific instructions, spelled out in two and one half pages of print, cover the water front and will require a tremendous amount of research.

Otherwise, as a result of the passage of the Trade Agreements Extension, the customs simplification bill, and the deletion of Sec. 104 of the former Defense Production Act (the so-called "Cheese Amendment") the foreign economic policy front is going to remain relatively quiet for the rest of the year.

## GOVERNMENT SPENDING

THE budget cutting job is not complete. While Congress and the Administration succeeded in reducing the Truman request for new money by more than \$14,000,000,000, Representative Taber promises a new look in January.

He still has hopes for a balanced budget this year and states that it is a must for fiscal 1955.

Encouraging, too, are the behind-the-scenes preparations being made by other congressional leaders.

They expect to hold the spending line in the next session of Congress when heavy pressure to restore some of the cuts may be expected.

Better teamwork is indicated by hints from top officials in the executive branch that 1954 expenditures will not reach the present official estimate of \$74,000,000,000, and by the enthusiastic manner in which departments and agencies involved are implementing the President's ten reorganization plans—designed to in-

crease efficiency and to eliminate waste in government operations.

## LABOR RELATIONS

THE fire and smoke which erupted over the tentative White House recommendations on Taft-Hartley have largely disappeared and observers are evaluating the "incident" more clearly.

The extent of the furor indicates again the explosive character of the whole Taft-Hartley "problem." Newspaper analysts and business groups generally regarded the message as pro-labor. Union spokesmen mostly were silent.

Particularly objectionable were three major concessions to labor: 1. further centralization of controls in Washington; 2. strengthening of the already strong boost T-H gives to compulsory unionism; 3. further emasculation of secondary boycott provisions.

Only one of the 19 points is interpreted as a concession to business: that neither unions nor employers should be required to bargain during the life of the contract on subjects not covered by the contract, unless by agreement of both parties.

Net effect of the purported message seems to have been to make interested groups more sensitive than ever. Reports are that White House staffers are working again.

## NATURAL RESOURCES

PRIVATE enterprise may get a greater role in all types of resource development activities, including hydro power, forestry, mining and land utilization.

The second Hoover Commission on government reorganization is expected to recommend new policies for government participation in resources investigation, planning and development. The most important phase of the Commission's work will be investigation of competition with private enterprise and proposals for liquidating unnecessary government activities.

New policies are promised which will guide federal activities and be geared to changing conditions of land and water use, population growth, industrial activity and technological advances. It is likely that

legislation to establish a firm water and power policy and for a careful inventory and evaluation of public lands in the western states will be recommended.

## TAXATION

REPORTS persist that the Treasury is becoming increasingly aware of taxpayer reaction and the need for a functioning public relations program.

Recent federal fiscal developments, such as the unpassed Reed bill for reduction of the individual income tax, the unpleasantness over excess profits tax extension, the \$9,-300,000,000 deficit for fiscal 1953 and the ungranted request for a \$15,000,000,000 increase in the debt limit, are bringing questions from citizens.

Treasury officials are said to be discussing seriously the advisability of setting up an unofficial and informal group to aid in developing techniques for painlessly educating the American taxpayer in the fiscal facts of government life before the new fiscal 1955 program is revealed in January.

## TRANSPORTATION

TRANSPORTATION can provide a fruitful field for the Administration and Congress in their efforts to return to private enterprise those commercial activities by federal agencies that represent unfair or unnecessary competition.

Sale of the Federal Barge Lines, a drain on taxpayers for 29 years, marks a major step in this direction and one long regarded as impossible because of the severe conditions of sale imposed by legislation.

Congress is now examining the Military Air Transport Service and Military Sea Transportation Service.

MATS has overexpanded its field of operations, according to the House Appropriations Committee, which recommends a sharp reduction in activities and more businesslike administration by making other agencies pay for services received.

MSTS has likewise gone beyond its intended scope, according to congressmen. Particularly criticized are the movement of huge numbers of nonmilitary personnel in troop ships.





*The full weight of Matthews'  
body smashed into him,  
sending him sprawling in the dust*



# TRIAL BY OPPORTUNITY

By CALVIN J. CLEMENTS

**T**HE TWO riders descended the sloping ridge. Loose stones preceded them, rolling on ahead and sending up puffs of yellow dust to drift in the twilight. Halfway down the ridge a brief rise supported two stunted oaks, and here the riders halted. Before them retreated the desert, a vast carpet of pale shadows, enveloped in the distance by foothills now silhouetted against the western sky.

The older man dismounted first. In the fading light a five-pointed star shone dully on his leather vest. He was gaunt and dusty, a bristling iron-gray mustache imparting a fierceness to his lined face. He wore twin Colts, slung low on each thigh.

He unclined his packroll and saddle, dropping them on the ground.

"Get down," he ordered. "We'll cross the waste come morning."

The other rider dismounted by easing one leg across the saddle and sliding off. He hit the ground hard, the dust spurting from beneath his boots. He stood there youthful and defiant, a thin-faced boy with deep-circled eyes, barely out of his teens.

"Hills 're in sight," he said sullenly. "Wouldn't be but three hours' riding to town."

"Pow'ful hurry to hang, ain't you, Matthews? Un-saddle. Spread your roll and set on it."

Sheriff Cuttle watched his prisoner do as he bid, then he led both horses beneath the dead oaks and tethered them. He selected some rotted branches lying about and brought them back.

Matthews was staring moodily into space, his legs folded beneath him on the blanket. "Reckon they'll be holding trial soon's we get in, Sheriff?"

"Can't say, son. Can't say." Sheriff Cuttle busied himself making the fire. Once it was started he drew a small pan from his pack, filled it from his canteen and added a handful of coffee grounds. He placed the pan on the fire.

Somewhere on the ridge a coyote barked. A breeze wandered in from the desert, bringing a dry sweet odor to mingle with that of wood smoke.

"Won't waste much time in the hanging neither," Matthews muttered, staring at the leaping flames. "Same day, I reckon."

Cuttle said nothing. From his breast pocket he drew forth a chain of three small interlocking silver rings. He settled back against the curve of his saddle,

the lines in his brow deepening as he began manipulating the puzzle.

"Getting dang tired watching you fiddle with that!" Matthews snarled suddenly.

"Didn't know it bothered you, son."

"Been at it most of two days. When you giving it up?"

Cuttle shrugged. "Kinda like figuring things out to the end." He held the rings up, suspending them between thumb and forefinger. "Store-feller in Carson—" In the firelight the rings turned slowly, much like a body might turn at the end of a rope; Cuttle lowered them quickly.

"Store-feller in Carson City," he continued, "sends me different ones when he gets them in. Got darn near a drawerful now. Here's one come in last month. . . ." From his jeans Cuttle drew forth two bent interlocked nails. "Don't seem they could come apart without forcing but they do. Want to try it?"

Matthews scowled into the fire. "Maybe we could try figuring who killed old man Blaine."

Cuttle returned the nails to his pocket. "Sorta figured out already, ain't it?"

Matthews' lips tightened. His right foot suddenly shot out, kicking the simmering coffee off the fire and spilling over the ground. Immediately he lowered his head. "Sorry, Sheriff. Felt like something was ready to bust inside me."

Cuttle thoughtfully jingled the rings in his hand. "Reckon you'll get a fair trial."

"By men who'll begrudge every minute away from that creek bed?" Matthews raised his head, a wry smile touching his mouth.

Cuttle poked at the fire with a stick. "Maybe you'd better get some sleep, son."

He continued toying with the fire long after Matthews had stretched out and turned away from the light. What the boy had said about a hurried trial at Beaver Creek was not entirely untrue. With discovery of gold in the creek bed the town had taken on all the feverish airs of a mining camp, where the time of each individual was measured by so many ounces of dust. In their minds, too, perhaps, was felt the need for swift justice as an object lesson when old man Blaine was the third man to be shot to death and robbed while returning from the creek.

A distinctive deer-hide poke had led to the arrest of



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young Matthews. His explanation that Blaine had given him the poke containing a few ounces of dust for a grubstake was rather weak in view of the fact he was apprehended at a faro table. Then he had broken jail, cementing opinion of his guilt.

When Cuttle had caught up with the boy on the Dakota plains he insisted his flight had been motivated by talk of lynching.

He also steadily maintained his innocence, admitting only he had not put Blaine's loan to the use it was intended.

Sheriff Cuttle looked across the fire as Matthews stirred onto his back. He saw the boy had finally fallen asleep. With the wavering firelight softening the narrow lines of his face, erasing the weariness there, he looked even more youthful, any-

thing but a killer. The deer-hide poke and his flight, however, would constitute convincing enough evidence with the rough, direct-minded men who would try him. Their judgment was only too obvious.

Cuttle absently glanced down at the rings in his hands. If Matthews were innocent he certainly did not wish to take him back to Beaver Creek where hanging seemed inevitable.

But to turn him loose, perhaps a potential killer, was also unthinkable. Fresh in Cuttle's mind were other smooth-faced boys, even now blazing their names across the Southwest with six-guns. All had one thing in common: Their appearance belied a ruthless disregard for human life. They killed coldly and without hesitation if it would profit

## Red hat of the brave



**S**MOKE was billowing pungently through the burning forest. Flames leaped to the treetops, crowning them with fire. Conifers exploded and sent blazing limbs flying to start a thousand other fires. Wind fanned the flames and ashes filled the air.

Then the Mescalero Apaches arrived!

Wearing hard red hats, the 25-man team advanced on the fire, moving calmly, confining it, letting it consume itself. No strangers to the ways of the forest were these Indians.

The Red Hats were formed in 1948, when Forest Ranger A. B. Shields of the Mescalero, N. M., reservation sent out a call for volunteers to form a first-class fire-fighting team. A number of young men, just returned from World War II—young men in whose veins flowed the proud blood of Geronimo, Cochise, Victorio, and Naiche—responded to the

appeal. Training was tough and relentless. In 1950 a great blaze ate hungrily through the forest near Palomar Observatory on Mt. Wilson, in California.

The Red Hats were flown to fight the fire—and gained their first national acclaim.

From then on they were flown everywhere, to San Bernardino, to Trinity National Forest, to Mendocino. Last summer, two crews beat a fire near Bakersfield, Calif., and got no rest before a call came from Kaniksu National Forest in Idaho. From there they flew to Port Angeles, Wash., to fight fire in Olympic National Park.

So good are the Indian fire-fighting crews that the Forest Service is spreading training to other reservations that embrace the Hopis and Zunis, and other Apaches over the Southwest.—JOHN KRILL



# tips on better selling, training, demonstration through photography

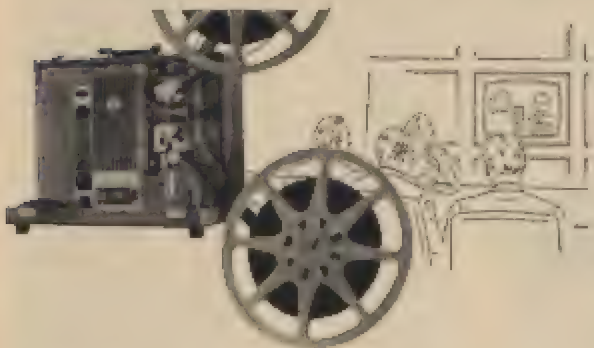
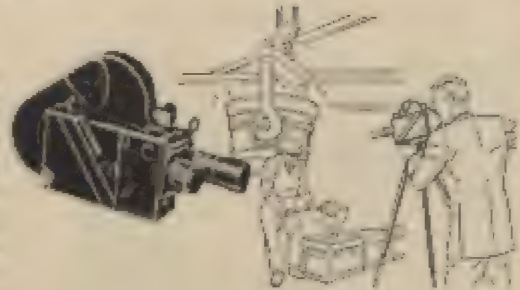
Audio-visual methods pay off in many ways...

*A few examples from the files of Kodak Audio-Visual Dealers*

## Film operations for training and evaluation

"Under normal conditions prevailing in a steel mill—extreme heat, flying dust, sharp graphite... and in hot sun, rain, or freezing cold—our Cine-Kodak Special II Camera has performed well. We have used it in many ways since it was purchased in 1949—filming old and new operating methods to show savings of importance to other districts; how to use safety equipment; refresher training courses; experimental use of new equipment for study and evaluation; detailed manufacturing steps for educational purposes; proper housekeeping and maintenance methods and so on."—

*From a large steel mill.\**



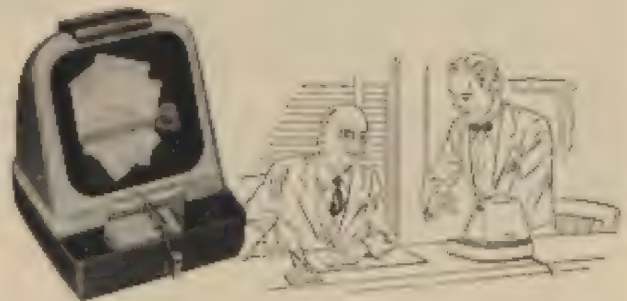
## Tobacco firm previews films in TV setting

With nine different brands of tobacco products to promote, this Virginia tobacco firm relies heavily upon TV film commercials. Subject to the approval of the board of directors, previewing is done right in the board room. To simulate TV reception, a 16mm. Kodascope Pageant Sound Projector is mounted in a TV cabinet built into a wall of the room. Rear screen projection gives the TV footage the realism of an actual telecast. Picture and sound quality are tops—reports this manufacturer.\*

## Pictures help sell bankers

"A pictorial presentation supplemented by a well-organized sales story is the most effective way to present our various services to banking prospects.

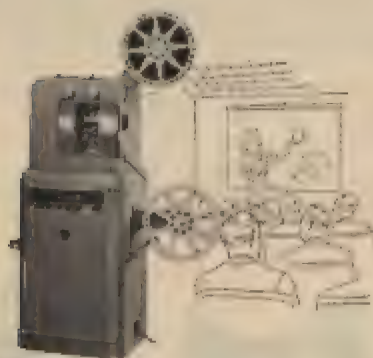
"Kodaslide Table Viewers are particularly helpful in our work. In fact, we would not consider putting a salesman on the road without one. We looked over a number of visual aids before deciding to use your product and have no reason to regret this decision."—From a manufacturer of check systems.\*



## How TV network checks quality and timing of film programs

Network TV film programs and commercials involve important money. The quality of image and sound, of every subject, must be checked carefully, timing must be right to the second. To help with this job, a major TV network purchased six Tungsten Model 25 Eastman 16mm. Sound Projectors. One screens Kinescope commercials for time and sequence during station breaks. Two more screen all prints to be Kinescoped, checking quality of master prints. Two more are used in sponsor preview rooms, and the last one screens the complete show.

These new machines provide theater-quality images and sound through a powerful optical system and high-fidelity sound amplification. In constant use, they give viewers the very best from any 16mm. sound film—reports this TV network.\*



\*Name on request

These are but a few examples of the ways in which Kodak Audio-Visual materials help business and industry to make and sell better products. For the name of your nearest Kodak Audio-Visual Dealer, fill out and mail the coupon at right.

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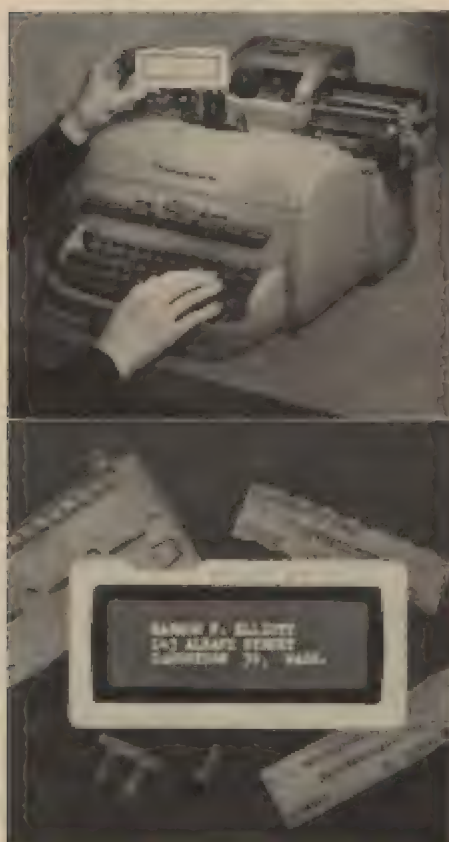


# Elliott

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### Card Index Metal Address Plates



Stenciled and indexed by any Standard Typewriter, they eliminate nine-tenths of the noise — one-half the bulk — four-fifths the weight and all the mess and jamming metal address plates.

Faster to file and vastly faster to prepare for the files.

Just compare these addressing speeds with your metal address plate addressing machine. The Elliott \$250 Model 1250 Addressing Machine prints 125 different addresses per minute and our \$1,100 Model 5500 prints 200 different addresses per minute.

An investment in a change from metal address plates to Elliott Address Cards will result in savings that will amount to from 25% to 30% of the investment *every* year thereafter.

There are 33 different Elliott Addressing Machines priced from \$50 to \$15,000.

# Elliott

## ADDRESSING MACHINE CO.

Dept. E, 155 Albany St., Cambridge 39, Mass.

them. Did Matthews fall into this category?

Would he murder a man for gold?

His mind weighing this question, Cuttle cast the rings aside, suddenly losing his taste for learning their mystery. This other, this equation of life and death, he felt, might have an answer as simple, though elusive, as the puzzles he enjoyed. Perhaps it, too, could be solved with a slight twist, and with a far greater dividend.

He frowned into the fire. . . .

Dawn was a streak of silver climbing above the ridge, graying the desert. Two eagles wheeled high overhead, black specks darting across a steel-gray dome. Cuttle gave a final hitch to Matthews' saddle, nodding for him to mount.

"You'll ride the rest of the way in front, son."

Cuttle moved over and swept flat with his boot the smoking ashes of



the fire. He bent to retrieve the coffee pot. He never touched it.

The full weight of Matthews' body smashed into him, sending him sprawling in the dust. Cuttle rolled over to find himself looking up into the black bore of one of his own .45's trembling between Matthews' hands.

"Get up, Sheriff," Matthews whispered, backing away. "Get up, and keep your hands away from that other gun."

Cuttle got up, swearing softly and profusely, tasting blood where his lips had scraped the ground. As always, he found a flutter racing up his spine when a gun was centered on his middle.

Matthews motioned with the gun, his eyes nervously roving between Cuttle's face and hands. "Unbuckle that belt! Do it slow-like, Sheriff. Real slow-like."

Cuttle carefully wiped a trickle of blood from his chin. Slowly he shook his head. "Can't do it son. Just can't do it."

Matthews' sharp cheekbones glistened with sweat. "Unbuckle it, Sheriff!" he said hoarsely. "Unbuckle it and let it drop."

Cuttle continued shaking his head. "Don't see how I can look a man in the face after this, son. Not and still be wearing this badge. Kinda proud of it, too. Being an old man maybe I won't be losing too much if I take

a chance getting in one shot. Leave you here with me."

Matthews' teeth suddenly chattered, as if a chill had seized him. "S-sheriff, don't be a fool! I can empty this before your hand touches. . . . Sheriff!"

Cuttle had drawn his gun, slowly and firmly bringing it level and cocked. "Well, son? . . ."

Matthews stared dumbly, as if hypnotized by the move. He did not resist when Cuttle moved over and withdrew the Colt from his limp hands.

Cuttle's next move was to take a small key from his shirtpocket and unlock the handcuffs from Matthews' wrists. "If you're smart, son, you'll head into Texas territory for a spell. A year or two there and Beaver Creek won't remember nothing but the amount of gold that came from that creek bed."

Matthews' eyes slowly came into focus, disbelief creeping into them. "You're letting me ride off?"

"Son," Cuttle said, "if you'd done old man Blaine in, my life would be a cheap thing for your freedom. You'd have pulled that trigger without a second thought. If you couldn't put a bullet into me to save your neck you sure didn't put one in Blaine for a poke of dust. That don't figure right. What does figure is it would take a heap of thinking for one honest man to pull a trigger against another honest man."

Matthews drew a deep breath, swallowing his feelings. "I sure. . . ." He hesitated. "Sheriff, don't tell me you were testing me deliberate-like, letting me get hold of that gun?"

"Think a young pup like you could get the best of a 40 year lawman?" Cuttle growled. "Darn near had to push it into your hands."

"But suppose I had pulled—" Matthews paused and grinned sheepishly as he watched Cuttle slip cartridges into the gun.

Cuttle nodded. "Be plumb loco to leave it loaded. But if you had pulled




that trigger son, you'd have taken your chances in Beaver Creek."

Later, after he'd watched Matthews wave a farewell from the ridge, Sheriff Cuttle searched in the dust near the ashes of the fire. He finally located the rings.

"Drat things," he muttered, slipping them into his pocket. "Get 'em yet." **END**





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Population: 29,032  
Settled in: 1907



**BEVERLY, MASS.**  
Population: 28,884  
Settled in: 1626



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As you can imagine, there's a great deal of difference in these two cities in spite of their similar size. They are centuries apart in age, and their customs are as diverse as their heritage.

You would see that quickly in the homes. True to New England tradition, fine homes in Beverly, Mass., usually have multi-pane muntined windows gracefully curtained with white organdy. But in Beverly Hills, California, you'd hunt to find small panes of glass. Great window walls open onto patios and terraced vistas.

Such divergencies mean there must be available to each city an entirely different supply of glass for glazing windows—a larger stock of small sizes in Beverly, Mass., more emphasis on large sizes in Beverly Hills. That's one of the important functions performed by Libbey-Owens-Ford Glass Distributors and Dealers. They must know their individual communities and have all the many kinds of glass each needs.

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*A Local, Independent Business*



# Letters TO THE EDITOR

## Crime fighters

I want you to know how much I appreciate the remarks published in the article "Vigilantes in Honburgs" and what a service I believe is being performed by explaining to the businessmen throughout the United States the purposes and aims of the Citizen's Crime Commissions. I feel that ours is a serious undertaking and can be performed only with the cooperation of good business and industry.

G. LAWRENCE KELLER  
Managing Director  
Wichita Crime Commission, Inc.  
Wichita, Kans.

## Real radicals

The article "The Real Radicals" impressed me because it outlines or differentiates very clearly between the ideologies so prevalent in the world today.

I think that it should be spotlighted for the American voters and will help our country more than a great part of our national defense spending.

WM. H. SPENCER  
Hot Springs, Ark.

## Nontipper

I have just read Morton Hunt's "How You Look to a Waiter."

I have never believed in tipping. In my place of employment, one of my duties consists of acting as receptionist and ushering salesmen, customers and other visitors into my employer's inner office. Should I then proceed to stand there with my hand out expecting a tip for this great service? I'm getting paid for it, so why should I?

BARBARA CANISTRAHO  
Hartford, Conn.

## Third man theme

The one I am concerned about is the third fellow, whose status in social security is neither that of employer, nor employee. He is the innocent bystander, caught between the millstones, who finds himself in the uncomfortable position of having to pay all the time, yet never is eligible to get anything in return. This class is made of farmers, ranchers, their widows and orphans, and many others. They have no stake in the \$18,000,000,000 social security fund; and if I don't miss my guess, they have contributed much sweat and toil to help build this fund.

J. R. DRY  
Winters, Texas

## Orchids for Dorothy

I have read many descriptions and articles about New York, but no writer has even approached Miss Kilgallen's

wonderful gift of culling from the great metropolis the glory that is New York, to spread before the eyes of her readers. ["But I Want to Live There"]

ELIZABETH F. DYLE  
Philadelphia, Pa.

I enjoyed it very much, being in 100 per cent accord with her on the subject.

ANITA RYLANDER  
Saint Paul, Minn.

One thing I like about New Yorkers is the way they immediately take you under their wings when they find you're an outlander. (Maybe that's why some visitors are lonely—they try to act too much like natives.)

Anyhow, I think the visitors get all the breaks in New York. Much as I love it, I'd be afraid to move there for fear it would lose its charm for me. I'd probably get so I'd read the newspaper on the subway and walk past Radio City without stopping to look at the ice skaters.

JOHN BARKER  
Toledo, Ohio

Being a native Dallasite and died-in-the-wool Texan, it takes a "heap of doin'" to get the dust out of my eyes and beyond the Texas border . . . and, by golly, Miss Kilgallen's one-man Chamber of Commerce speech did it!

BETTY WATSON  
Dallas, Texas

## Food and foreign policy

Let's face the facts. Beef cattle are way off, dairying is way off, grapes have been unprofitable, cereals are being bolstered by the Government, the potato men have suffered terribly, and the prices to the consumer have not fallen commensurate with the decrease in prices to the producer. This is a dangerous situation. At the same time, there is starvation in large areas of the world.

All branches of our economy must be kept healthy if true prosperity can continue. If food will win a war, it seems to me that it should have a good chance to win a peace if backed by the proper foreign policy.

JESSE D. STOCKTON  
County Superintendent of Schools  
Bakersfield, Calif.

## Right direction

I have just completed 36 years of teaching and find that only recently many fine groups in business and industry, as well as labor, offer their services to remove instruction from the mere text book reliance. This is in the right direction.

MELVILLE J. BOYER  
Allentown, Pa.

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- ☐ INTRA-PLANT COMMUNICATION
- ☐ LOCATING PERSONNEL

NAME.....TITLE.....  
FIRM.....  
ADDRESS.....CITY.....





*T. Coleman Andrews demonstrates forms designed to teach tomorrow's taxpayers the how and why of taxes*

# FIRM, FAIR AND PROMPT- TAXWISE

An accountant, skilled as a trouble shooter in business and government, has taken over the Internal Revenue Service determined that taxes shall be collected courteously---but completely

**A** SHREWD, hard-driving Virginian with a "damn the torpedoes" sense of public service is performing a singular miracle in Washington.

This explosively energetic personality, T. Coleman Andrews, is transforming a cranky old maid of a government agency full of crotchety pet peeves and illogical soft spots into a fair maiden. The agency is the Internal Revenue Service.

Mr. Andrews is an experienced trouble shooter for both business and government. His most obvious trait is a tenacious independence. Years ago as Richmond city controller, he ordered the municipal utility to turn off a councilman's water unless he paid a long overdue bill. As the Virginia auditor of public accounts, Mr. Andrews kicked with a planned accuracy the most sacred cows of state politics—the county treasurers. He publicly investigated their accounts and revealed that 42 of the 100 were in arrears.

When a high party leader took Mr. Andrews aside to tell him the facts of political life, the auditor replied in a firm drawl, "Any party to stay in office must clean its own

house. It must enjoy public confidence. We both know the people figure many of these treasurers are no damn good." He proved this by putting several in jail.

A short time ago, a friendly senator warned him some people on Capitol Hill were unhappy at the way Mr. Andrews resisted political pressure on jobs and tax settlements. The senator concluded, "I'm going to ask the boys to give you time to get squared away before they shoot at you."

Mr. Andrews replied, "Hell, no, I don't want to put anything off. I'd appreciate it if you would call them together today and let me talk to them."

The commissioner's message to the congressional leaders was short, blunt and persuasive. He said, "This Administration is on trial with the people. The Internal Revenue Service can break the Administration by running a shop ridden with incompetence and favoritism. Let me alone and you can boast how the Eisenhower Administration has

taken the politics out of tax collecting."

This kind of reasoning is why the President's preinauguration brain trust chose Mr. Andrews. He is not a Republican or even a vocal Eisenhower Democrat, but a conservative southerner of the Sen. Walter George stamp. Mr. Andrews fit the specification Mr. Eisenhower personally laid down for commissioner of internal revenue. He asked for an independent on whom no one could lay a hand, an accountant of recognized eminence to untangle the snarls of tax collection, an experienced government executive, and a bold spirit to resist the pressures to look the other way in certain tax cases. Mr. Andrews is the first certified public accountant to hold the top tax collection post.

Mr. Andrews had been president of the American Institute of Accountants and won its 1947 award for the Herculean task of reorganizing and putting on a sound fiscal and auditing basis the amazingly long list of government corporations. This had been listed as an impossible job even by the General Accounting

By **TRIS COFFIN**





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Office which asked him to do it. He had done an outstanding job as a management trouble shooter for the Navy and old War Department. He was chairman of the Hoover Commission task force on auditing and accounting in government.

Just where this background places him as a tough or lenient tax collector mystifies many Washington tax experts and lawyers.

Actually the key to Coleman Andrews' policy is to make sure the burdens of taxation fall equally and fairly. In conversation, he says again and again, "We want to be firm, fair, and prompt. But we will not be wishy-washy."

Under his regime no taxpayer or class of taxpayers will be singled out for the kind of emotional vengeance alleged in the past. Nor will any taxpayer get preferred treatment because his lawyer has some important private telephone numbers.

In his pep talks to Internal Revenue agents across the country, Mr. Andrews repeatedly uses the words "fair" and "right."

Recently an assistant hesitantly outlined a proposed ruling. Mr. Andrews demanded, "Do you think it is right?"

The subordinate after some hemming and hawing said he was sure in his own mind it was right, but he wanted reinforcement from above.

"Is it fair?" Mr. Andrews insisted.

The other said it was.

"Then," Mr. Andrews said briskly but not unkindly, "why ask me? If it is fair and right, you go ahead. I'll back you up."

This was not just a show to impress an aide. This is a deep-seated creed with Mr. Andrews. His own boss, Secretary of the Treasury George Humphrey, supports him and has instructed the Republican National Committee to "lay off" needling the commissioner to appoint politically favored tax collectors. The commissioner expects to stand behind his own subordinates in the same way.

Another clue to how the Service (or, as it was called before Mr. Andrews, the Bureau of Internal Revenue) will rule on such controverted items as depreciation, accumulated surplus and expense accounts is the commissioner's philosophy on tax responsibility. He repeatedly stresses, "We must explain to people why taxes are necessary to run the best system of government in world history. Citizenship isn't all privileges; it has important obligations, too."

But the best guide of all was Coleman Andrews' shrewdly perceptive views of the weaknesses and strength of the Service when he first took over last January. The first (numerically,

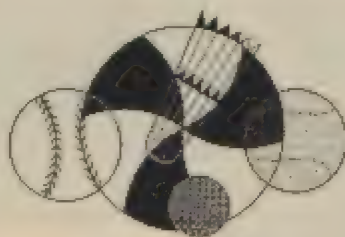
rather than in importance) weakness was a wrecked morale among agents whose fame once rivaled the FBI.

"My biggest job," Mr. Andrews told a friend, "is to banish the fear and apathy that hangs over this place. Good men have been suffocated by it; they had no stimulus. We've got to give them a new zest."

Second, a by-product of the first, was a plague of buck passing. Agents were afraid to make decisions. All the review and executive channels of the Service became so clogged that thousands of taxpayers had millions of dollars tied up in controversy for months and even years.

Today Mr. Andrews preaches to the agents, "Make decisions, even if you make mistakes occasionally. I'll always excuse an error of judgment, but I'll never condone a failure to act."

Third was the centering of power in the hands of a few Washington executives. This created a lush field



for a few Washington tax lawyers and accountants.

Many Washington tax authorities, for their part, regard Mr. Andrews' decentralization program and his reduction of post-review activities as a great mistake. They contend the agents in the field have not the training or ability to make decisions in complicated cases and that the Service should build a corps of experts in Washington to take over this burden. This viewpoint has won some important support.

Mr. Andrews' comment is, "This argument is a serious reflection upon the competence of the field personnel of the Revenue Service. If it were valid the field force would have collapsed long ago under the ponderous weight of the alleged superbrilliance of the headquarters staff. But it isn't valid. It's just an extension of the omniscient assumption, so thoroughly discredited and rejected last November, that Washington has a monopoly on knowledge and wisdom. This Administration does not subscribe to that fallacious idea. We think that our field force, intelligently guided and directed from headquarters, will prove to the satisfaction of everyone that it is equal to the added responsibilities imposed upon it by the reorganization."

Fourth, favoritism or special consideration for taxpayers for whom political leaders interceded. The commissioner's ideas on this were given to the American Institute of Accountants:

"Our unique system of voluntary assessment can work only in a country whose people are inherently honest and patriotic. Fortunately, honesty and love of country are among the strongest American traits, but human nature is pretty much the same the world over in that it does not take much corruption and favoritism to cause even honest citizens to wonder whether the only way to get justice is to cheat a little themselves."

"When things come to that pass, no voluntary system, no matter how skillfully conceived and worked out, will stand up. It doesn't take ingenuity to stamp out corruption and influence. All it takes is just plain old-fashioned morality, steadfastly practiced and rigidly enforced. The present management of the Service is not in the market for influence and will not tolerate corruption in that or any other form."

Fifth, a bias against business which apparently took root in the early 1930's. Mr. Andrews has no special sympathy for business; in fact he believes the average business with a good accounting system is much better able to determine its taxes and get a fair settlement for itself than the middle income taxpayer with three children and a mortgage without positive Service help. But he does insist on fairness. Two recent rulings indicate this.

On depreciation, he ruled that, once it has been determined and agreed to by the company and agent, the Service cannot reconsider it unless for cause. The agents should be guided in setting depreciation by normal business practices, and should not create some artificial figure for horse trading with the taxpayer on other items.

Incidentally, Commissioner Andrews disapproves thoroughly of the old, winked-at practice of agents bargaining with taxpayers.

It has been the custom among agents to tell a taxpayer, "If you'll cut your expense account figure in half, I'll come down 25 per cent on depreciation."

Mr. Andrews has been lecturing the agents' schools, "When you examine a business tax return, don't pull figures out of thin air. Make a conscientious evaluation based on good engineering and audit computations, and stick to it. The Internal Revenue Service is not a pawnshop where you haggle over the best bargain."

Another revealing ruling along



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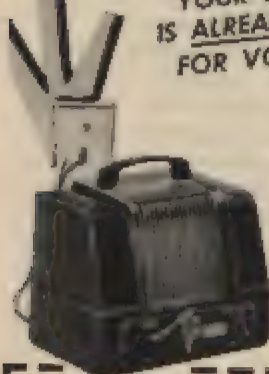
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these same lines was on the expense account. Rather than an agent blandly saying, "I'm going to knock 50 per cent off your expense account," he must have a factual basis for his action.

The commissioner in his own colorful way raised the roof some time ago when he heard of a revenue agent who simply told a company, "I am going to disallow your entire research and development figure unless you present me with the detailed proof." Mr. Andrews' point was that it was up to the agent to dig up the facts, rather than to shift all this burden on the taxpayer.

He also sympathized with the taxpayer who confided to Secretary of the Treasury Humphrey at lunch, "I've been trying to get up nerve for two years to write the Internal Revenue Service and ask them if another way to file my business return might be better. But I'm afraid if I write, I'll be hooked for a larger tax."

Sixth, an attitude that the taxpayer is always wrong. Mr. Andrews quipped recently, "Congress alone can take the 'sur' out of surtaxes. But it's within the Service's power to put 'sir' into the collection of taxes, and that is just what we intend to do." He believes the tax agent should be regarded as a friend and counselor and has made this rule, "Give the taxpayer the benefit of the doubt, unless you have the facts to prove he is wrong."

To make this viewpoint stick, Mr. Andrews has quietly removed from the Service's employe efficiency rating the time-honored practice of extra points for extra taxes collected.

Seventh, a tendency of the Service to write its own law. To overcome this, Mr. Andrews has set up a liaison with the Joint Committee on Internal Revenue Taxation and its portly expert of experts, Colin Stam. When there is some doubt as to just what Congress meant in a tax law, the Service will consult the Joint Committee instead of sitting down in a mind-reading seance.

Eighth, in the past the Service has narrowed its enforcement to a relatively few taxpayers and let literally millions escape. To test this theory, the Service made some simple checks. In one town, all those listed in the yellow pages of a telephone directory were checked to see if they had filed tax returns. A surprisingly large per cent had not. This same test was made of first voters in another place, employes of a particular factory in another. All tests turned up potential taxpayers who, through ignorance, indifference or maliciousness failed to report their income. These omissions could bring in "substantial revenue."

Mr. Andrews is widening the base in another way—by using the sampling technique on a large scale. Heretofore, the only returns closely examined were those where an agent raised a point of doubt on the lower level. A taxpayer who persuaded the agent to see the issue his way would not be rechecked. But his rival across the street might be stuck with an additional \$5,000. In the widespread use of the sampling method, no one can buy security from investigation.

The commissioner told a congressional committee the goal is to examine 2,500,000 individual income tax returns out of the 55,000,000 total. A total of 125,000 Form 1040 business returns with adjusted gross incomes of \$30,000 and up and non-business incomes of \$50,000 and up will be examined. A million and a half Form 1040s with adjusted gross income between \$10,000 and \$30,000 will be screened, and low paid personnel will sort 53,500,000 returns into productive and nonproductive groups. Those marked "productive" will be screened by more competent personnel.

The one great strength Mr. Andrews found in the Service when he looked around was the accumulated knowledge of the career employes.

"If it were not for these people," he told a friend, "we would not have a federal tax system today. If anyone tries to knock out Civil Service for this Service I'll have to go to bat strongly to keep it."

On the basis of these observations, the commissioner has roughed out a general program of both "brain washing" and face lifting. The first, to him, is by far the most important.

The "brain washing" is to give the agents initiative and zest, school them thoroughly in the new "give the taxpayer the benefit of the doubt" philosophy, and a long-range educational program for taxpayers. The chief instructor is T. Coleman Andrews himself. Ever since he took office, the commissioner has been up and down the country talking to both agents and taxpayers. His candor, southern charm and chest-out pride in government service are most persuasive.

His favorite project is high school training with specially prepared kits and blown-up tax forms.

"This will pay big dividends long after my name is forgotten," he says proudly. "We are teaching tomorrow's taxpayers why they must pay to keep their Government strong, and how to pay."

The Andrews face lifting is to cut all but the enforcement staff to the bone (he wants 680 new enforcement agents on the theory every dollar spent on enforcement brings in \$15



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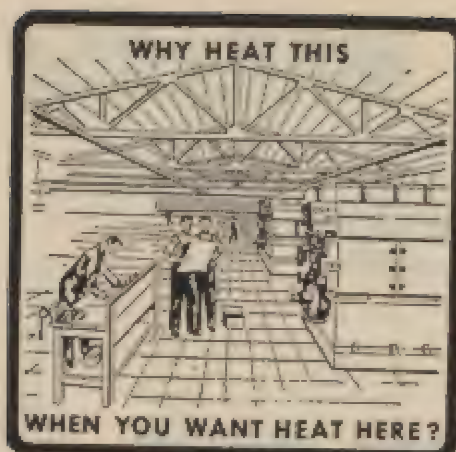
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to \$20), reduce the Internal Revenue regions from 17 to nine, place audit activities into one rather than three departments and build up the auditing side of the Service, decentralize all but the top management operations, and de-emphasize the legalistic approach to tax collecting.

Some of the other reforms are:

Relieve some 30,000,000 taxpayers, or roughly half, from filing separate returns. This would require congressional action and would mean putting the new electronic wizard computers in the Social Security Administration. When income is reported for Social Security, the tax would be calculated, checked with the withholding statements, and the taxpayer sent either a bill or a refund. This, of course, would apply only to taxpayers whose entire income comes from wages or salaries and who choose to claim the standard deduction. The greatest objection to this innovation comes from the welfare purists who object to identifying social security with taxation in any way.

This program would also speed up auditing by a combined audit of a business house for income taxes, excise taxes, and social security.

A simplified tax form is also in the works, but this, too, requires a nod from Congress.

More and simpler advance rulings are published in the Internal Revenue *Bulletin* which can be obtained from the Superintendent of Documents, Government Printing Office, for \$3.25 a year. Individual taxpayers looking for rulings in doubtful cases are being invited to write the commissioner.

In long delayed cases, where the delay is plainly the Government's fault, interest on unpaid taxes should not be assessed for the entire period, and the commissioner has so suggested to the Treasury Department.

When an agent disagrees with a company's audit, he must advise the taxpayer then rather than bring it up later.

All compromise settlements will be published.

Liens will be filed on delinquent taxes only as a last resort.

Appeals will be speeded up by creating an informal conference and arbitration practice on the lower level. Mr. Andrews was shocked to discover that almost \$1,000,000,000 was involved in pending appeals at the end of the last fiscal year, and conferences were 18 months distant.

Taxpayer service will be expanded by sending agents to large factories and places of business and an almost round-the-clock advisory service in the revenue offices. When the befuddled taxpayer enters the Federal

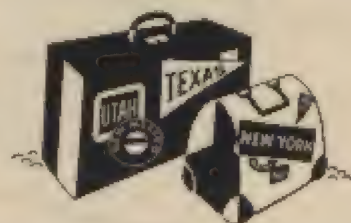
Building, he will be greeted by a cheerful information officer who will ask him his problem. If the taxpayer has only one question, he will be sent to a fast-moving line; if he has a complicated problem, to another line.

There will also be a telephone service for those who cannot come personally to the office. This new "service with a smile" will run until midnight five nights a week during rush times.

Finally, Mr. Andrews has ordered that the old tax cases gathering dust in the Service be settled on a "reasonable compromise" basis, so the Government will get the revenue and the services of those tied up in these cases can be utilized on current cases.

Just how far he will be able to go in this program is a question. Any man as vigorous and hard driving as he makes enemies. Today, a campaign of rumor and whisper about his assistants is making the rounds of the Capitol cloakrooms and cocktail bars.

There are, too, acknowledged experts on taxation who sincerely believe Mr. Andrews' greatest mistake is putting so much trust in the indi-



vidual agent. According to this view, the agent will always take the course of least effort and resistance, that even today agents have overlooked at least \$1,000,000,000 of deficiencies and allowed questionable refunds.

Mr. Andrews is sagacious enough to realize all this. He knows he is playing for big stakes. Some weeks ago, after he found he was in error in an argument with Under Secretary of the Treasury Marion B. Folsom before the Senate Appropriations Committee, he said with a wry smile, "When I make a bloomer, I make a big one."

But he is compelled to keep hard on his course, because he has private assurances that both the President and Secretary of the Treasury agree with the taxpayer who wired Mr. Andrews:

"It will be almost a pleasure now to pay taxes to an honest and efficient administrator. Please see that the poor taxpayers can at least keep their sporrans."

As a man of Scotch ancestry, Mr. Andrews knows that "sporrans" are Scotch purses.

END



## More Help \$315,000 Cheaper

(Continued from page 29)  
down the view of businessmen in his area:

"This organization believes the Department should not become a crutch for business; that the trend should be to discard all element of subsidy to business. For example, the idea of a big new division within the Department to help sales departments sell more goods—as a counter to threatened deflation—seems to be just another evidence of our national tendency to ask the Government to bail us out of our difficulties. What's wrong for producers and distributors to depend upon the brains they have hired in sales departments to develop new ideas and techniques? If the Department can help with statistical information, in time, that would be fine, but any other grandiose plan, we think, would mean only a lot of additional employees making work for themselves and creating new problems for business."

Mr. Booth carefully checked chamber of commerce leaders across the country and arranged talks with the Department's top brass. He proposed a co-op field service spreading into every corner of American business life.

**T**HE outcome of these talks was a meeting last April 30 of chamber of commerce managers, representing every state and business area, with Under Secretary of Commerce Walter Williams, Assistant Secretary for Administration James C. Worthy, a go-getter from Sears Roebuck, and Mr. Hayward, director of the Department's field service.

Mr. Williams explained the general policy of the new Administration, it neither wished to treat business as a stepchild, or let it come in and completely run the show. The Eisenhower Administration wanted a working partnership with business.

A chamber secretary spoke up: "The Department's empire building in its field service is wasteful. It does not bring the Department as close to the business community as a co-op program with local chambers would do."

Mr. Booth outlined the U. S. Chamber's philosophy. "It's our responsibility to lead local, state and regional chambers of commerce and trade organizations in being useful to the federal Government, and in encouraging private initiative."

All the representatives of private trade organizations O.K.'d a pro-



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posal to enlarge the co-op field offices.

This meeting, in effect, set the policy for the Department. Soon afterwards Secretary Weeks, in a speech, rejected "paternalism—controls, regulations, allocations and government handouts," and told a sales executives' convention: "Doubting Thomases of our enterprise system may point to adjustments to follow eventual defense cutbacks. But smart salesmen's eyes light up with anticipation as they think of new markets, better packaging, premium offers, special sales and the growing customer interest in multiple unit purchases. They see limitless prospects in the shifts from farm to city and from tenement to suburban homes; the high rate of personal income; the prolonged life span and the boom in babies. They know of innovations and inventions frozen on drawing boards until war production ends. They foresee the infinite possibilities of research and the expansion of hydroelectric power, chemistry, jet propulsion and atomic energy."

The Government, for its part, would open the door of its vast research and training program to business. That is where the co-op field offices, dotting the U. S. map like street lights seen from the air, come in—as distribution centers.

Soon after the April meeting, the Department drew up an official agreement for the co-op offices, and presented it to active chambers and similar organizations. Under the agreement, the Department would:

"1. Provide without charge to the co-operating agency such Departmental publications, statistical data and reports as may be found of value to business in the particular area served. . . .

"2. Provide, through the nearest field office of the Department, such assistance as the co-operating agency may request in providing prompt service to manufacturers, wholesalers, retailers, the service trades, financial institutions, and trade publishers and associations, on such foreign and domestic trade problems as come within the purview of the statutory responsibilities of the Department of Commerce."

The co-operating agency agrees to:

"1. Assign an appropriate officer or other staff member the responsibility for the co-operative office activities, and notify the Department when any change is made in the person assigned.

"2. Provide such files, equipment and other office facilities as may be necessary properly to handle the reference material furnished.

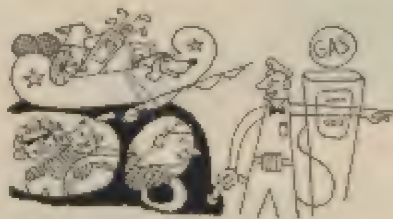
"3. Through bulletins, press releases, or other appropriate means,

publicize the services and publications of the Department available to the business public through the co-operative office, and make such announcements as may appear to be desirable on new accessions.

"4. Serve all inquirers without regard to industrial, trade and political affiliations and regardless of whether inquirers are members of the co-operating organization.

"5. Refer to the appropriate field office for further action any inquiries coming within the general scope of the Department's functions and responsibilities."

The great wealth of material pouring in from Washington to guide a curious businessman amazed many co-op offices. Actually, and few outsiders know it, the United States Government is a vast, complex corporation operating many businesses and employing good brains. For years the Government has operated behind a silken curtain of suspicion.



Now, with this curtain torn down, Carlton Hayward has been bustling about digging up new facts for business. He told one associate in awe:

"It's appalling to me that all this wealth has been lying up on the shelf."

He heard, for example, from a co-op office in the Southeast that poultry raisers wondered if there was not some use for chicken feathers. Prowling about, Mr. Hayward discovered that the Army's Quartermaster Corps had developed a coat lining from chicken feathers. In a trip to the Bureau of Standards, he found a wet strength paper made of short pulp and resin bond. It was created for Army maps. Co-op offices in Chicago, Atlanta and Boston snatched it up. An insurance company wanted to try it for policies, because many are destroyed by flood. A manufacturer wanted to produce a waterproof shopping bag, another aprons, and still a third wanted to try the new moisture-resistant paper for billboards.

In Boston, the showing of a government-invented flowmeter was as big a hit as "South Pacific" on Broadway. This instrument measures the flow of liquid or air through a pipeline without going into the pipe. The Harvard Medical School was excited at the possibility of measuring the flow of blood without surg-

ery. A dairy executive wanted to try it to measure the flow of milk.

Today, Mr. Hayward is still hunting through the corridors of government science and says in wonder, "Why, we haven't even scratched the surface."

In addition to this special information, the co-op offices regularly receive informative government material. This treasury includes trade leads, export and import practices, federal procurement and contracts, standing of foreign businesses, marketing and research data. For example, a baby clothes manufacturer wanting to expand will want to know areas where the most babies are born. It is right there on the shelf in the U. S. Bureau of Census "County and City Data Book." The Department of Commerce has a mountain of 252,000 technical reports.

Those in the co-op offices include:

The "County and City Data Book" giving detailed information on area, population, agriculture, banking, finances, government, employment, construction, education, family income, housing, labor, vital statistics, manufacturing, trade and services, and climate.

The monthly newsletter, *Technical Reports*, giving new developments in government research. One co-op office, through this newsletter, was able to steer a manufacturer into a good thing. One third of the plant was idle because of a cutback in defense orders. The manufacturer was tipped off to a ceramic-coated steel developed by the Bureau of Standards. He is now using the idle machines to manufacture ceramic-coated auto mufflers.

"Government - Owned Inventions for Free Use," a listing of the 3,658 inventions open for private exploitation.

"Selling the U. S. Market," a marketing guide book. Some of the headings are Keys to Successful Selling, Consumer Market Facts, Channels of Supply, Why Manufacturers Fail, Distribution Channels, How Much for Advertising, Steps to Successful Selling. The articles are written by recognized business leaders.

Other publications are: *National Income*—a survey of current business, *Regional Trends in U. S. Economy*, *Markets After the Defense Expansion*, *Selecting a Store Location*, *Merchandise Display*, *How Manufacturers Reduce Their Distribution Costs*, *Developing and Selling New Products*, *Opportunities in Selling*, *Record Keeping for Retail Stores*, *Foreign Commerce Weekly*, and a catalog of all Department publications.

As a different type of service, the co-op office brings together manufac-



turers with government contracts and subcontractors. The Altoona, Pa., office, for example, had a call from a machine shop in a nearby town with two idle swedging machines. Where could work be found for them? The files of government information revealed that a Navy contractor in Philadelphia making catapults for aircraft carriers was behind schedule—for lack of two swedging machines.

**T**HIS flow of federal information to the grass roots is just one side of the service. Assistant Secretary Worthy has explained, "We want to know the complaints and ideas of business at the grass roots. Every day decisions come up that we could meet more competently if we knew how they would affect business, area by area. The co-op field offices give us a real chance, for the first time, to measure business reaction accurately."

Incidentally, one of Mr. Worthy's pet projects for the field offices is to steer older workers into productive channels. One of his favorite stories is of the older worker who wanted to open a small electrical appliance store and came to the co-op office for advice. He was told the field was too crowded, but, by the way, he might want to manufacture sleeping bags using the new chicken-feather material as a lining. He snapped up the idea and now has a problem keeping up with the demand.

The Department of Commerce regards the co-op offices as the main apparatus in a system of mutual enrichment between Government and business. As a part of this program, teams of Commerce experts in foreign commerce, domestic trade and census are attending regional meetings giving information and gathering it.

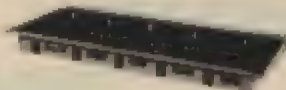
But most satisfying of all are the letters and reports coming in to Mr. Hayward's office telling of activities — "... plans to set up a concrete plant in Socorro. We gave data on housing, population, wholesale and retail sales, names of New Mexico manufacturers able to supply needed molds and forms ... queries on mail order business, a business consulting office, tobacco and candy business, trailer court, novelty mail order, restaurant, new flower shop, and we provided practical studies, business aids, operating ratios, business check lists and other guides. ... Through effort of this office, four truckloads of insecticide for Mexico cleared with minimum of delay at Brownsville. ..."

All this fits in like a bass accompaniment to Secretary Weeks' tune, "Our job is to give practical help, not handouts to business!" **END**

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# Making aces is their

**S**TRIPPED to the waist, the top half of his brown coveralls knotted around his hips, a man stood staring out of a small glass-enclosed coop mounted on a light truck. Parked far out on one end of an airstrip in North Carolina, he was watching a small training plane bearing the insignia of the United States Air Force come in for a landing. In one hand he clutched a blinker signal pistol, in the other, a half-empty bottle of Coke.

As the plane neared the landing strip, the man put down the Coke and watched carefully. The plane was flown by a student pilot. Abruptly the man raised the blinker pistol, pointed it at the plane and triggered rapidly.

The engine roared and the plane began to climb away. The student, coming in too high, had been ordered off for another try.

The ground control operator at Stallings Air Base, Kinston, N. C., is one of a relatively few civilians responsible today for the training of our military pilots. Actually, he is a flying instructor assigned to ground control on a rotation basis. He is attached to one of nine contract primary flying schools scattered around the country.

These schools are producing about 7,200 aviators a year, future pilots of our jet fighters and bombers, our transports and service planes. These 7,200 represent roughly 90 per cent



JIM GREENWOOD

*Nine out of ten of our  
combat aviators now learn  
their primary flying  
at bases run by civilians*

By **TOM W. DAVIS**





# business

of all the military pilots trained in this country each year.

Civilian schools actually have existed since 1939. They were discontinued with the end of World War II, and from late 1945 until early 1951 the Air Force handled its own training. Then the need for more pilots led to the opening of nine schools. The designation "Air Base" rather than "Air Force Base" identifies eight of them as nonmilitary fields. The ninth serves a dual purpose.

Operation at these fields is civilian throughout, with the military sitting in mainly in a supervisory capacity. The operators are independent businessmen, most of whom have been in aviation for 20 or more years. Almost without exception, they are pilots with thousands of flying hours to their credit.

All nine air bases are identical in operational procedure. One is at Malden, Mo.; two are in Georgia, at Bainbridge and Moultrie; two in Florida, at Bartow and Marianna; and one each at Kinston, N. C., Columbus, Miss., Hondo, Texas, and Marana, Ariz. The Air Force operates a tenth at San Angelo, Texas, but this school is a standardization base to test new aircraft and flight training curricula.

The Air Force also operates a pilot instructor's school at Craig Air Force Base near Selma, Ala. All civilian instructors first go to Craig to learn

the Air Force's own methods of teaching.

The Government or, in some cases, the local community owns the bases but leases them to the operators under contract, hence the designation—Contract Primary Flying Schools. The Air Force buys the training just as it buys fighters and bombers from private aircraft manufacturers.

Cadets come to the contract schools from the Air Force preflight school at Lackland, Texas. Four sources provide cadets: the regular Air Force ranks, ROTC units, West Point and Annapolis, and the colleges from which a boy may come as a volunteer without previous military affiliation.

Candidates from outside the service must have had two years of college education or its equivalent. Those from within the service must have had at least a high school education and pass an aptitude test. To get 1,000 cadets, the Air Force screens 1,677 candidates.

A cadet must be between 19 and 26½ years old when he enters training. As a cadet he gets \$105 per month, less whatever payroll deductions he may choose. Getting him combat-ready costs the Government \$60,000 or more. His tour of active duty is three years after completing his training.

The schedule is not for weaklings.

It begins with 12 weeks at Lackland where the cadet studies Air



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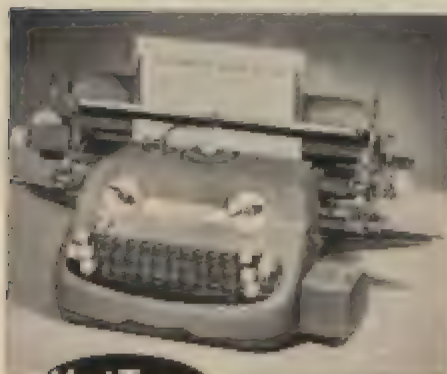
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At contract school he begins 26 weeks of 16-hour days. Classroom work continues: 250 hours of instruction in navigation, aerodynamics, theory of flight and meteorology under teachers who, like the flight instructors, are men with years of experience and technical training. Mornings or afternoons—according to his schedule—are spent in the air.

Everything at the base is precision and snap. Cadets march to classes, to the flight line, to mess, stepping off to the cadence called by a student leader picked from among them on the basis of leadership and proficiency in training.

Here, as one newly arrived cadet said, "We get our first real look at that little yellow monster."

He meant the light Piper Cub, which the Air Force prosaically calls the PA-18.

Each cadet gets 145 hours of flight training, 25 of them in the PA-18; 120 hours on the heavier and faster North American T-6 trainer, a 600 horsepower fighter-type craft.

Having soloed first the Cub, then the T-6, the cadet goes on to jets, which are at regular Air Force transitional bases in various parts of the country. It is at these bases, called basic schools, that the cadet finally gets his wings and becomes an officer.

The primary program is geared to the requirements of the Air Force for combat pilots. Although military necessity governs the number of cadets, each school has approximately 475 students going through at the same time. The work load is staggered so that a class is graduated each month.

The chief objective is to turn out aggressive pilots. Not long ago, the Air Force High Command learned that too many incoming cadets preferred to become multi-engine or bomber pilots. Few showed much enthusiasm for jet fighters.

So "Operation Tiger" was born. Conceived by Lt. Gen. Robert W. Harper, head of the Flying Training Command at Scott Air Force Base, Belleville, Ill., this gimmick was designed to make each student think of himself as a human air weapon—deadly as a jungle cat and twice as agile when air-borne.

Brightly painted tigers, fangs and claws bared in attack, showed up in briefing rooms and clubs, cadet quarters and instructors' offices at every

field. Why it worked is for psychologists to explain, but now more than 80 per cent of incoming cadets want to fly the jets—a privilege nature denied to those who measure more than 38 inches from tail bone to helmet top. The long boys are sure bets for the bombers.

The visitor at one of these bases wakes up early with a feeling that someone has poked a stick into a nest of big and particularly violent hornets. Everything buzzes. Row on row of shiny yellow T-6s and PA-18s roar to life at 7 a.m. and keep on roaring until 5:30 p.m.

Then it lets up only a little as day-time flying ends. For those who have reached the night-flying phase of their training, however, the roaring keeps on.

Planes taxi out to the take-off strip so close behind each other as to appear coupled together. Some, once air-borne, circle the field in a rectangular traffic pattern to practice landings and take-offs, a training phase called "touch-and-go." The lighter, less powerful Cubs head for one of the several nearby auxiliary fields to go through the same routine.

These bases, also operated by the contractor, have the same kind of fire and ground control personnel



as the home field. At each of the latter, two firemen in a truck are on duty near the ground control operator all the time planes are in the air.

Each class is divided into four groups of about 25 students each, with four cadets assigned to a flying instructor. Caps of different color identify the various groups. Rivalry is intense as each group tries to outdo the other in training proficiency and early soloing. There is little horseplay, little roughhousing. Nothing seems to exist, except flying—even when flying ends for the day.

Down from the air, an instructor's four students besiege him, pound him with questions.

"What did I do wrong in my turns today, sir? I gained altitude in one, lost it in another."

"In stalls, I can't keep my wings level, sir."

"Sir, I can hold my altitude all right when I'm making the turn into the traffic pattern but when I come out of the turn, I gain."

Even the humor has flying in it



and an incident which deflates authority is especially hilarious.

Highly gratifying to the students was the adventure of an experienced Air Force pilot, returned to a contract school for a refresher course. Lost on a cross-country flight, the veteran called the control tower for a "steer" home. The tower gave the instructions.

Shortly afterwards the lieutenant called again. He was still lost. The tower operator made himself a reputation as a fast man with repartee:

"Stay right where you are," he said, "we'll send out a navigator."

Also leavening the persistent seriousness of the schools was the solo student who, as flying was being secured for the day, shoved his nose down and came screaming home to a southern base in a forbidden vertical dive.

Only activity on the flight line was the rescue crews springing into readiness as the pilot hauled up the nose, kicked the ship into a sideslip and came in for a delicate landing.

The plane rolled to its row position trailed by assorted personnel headed by the student's personal instructor who bounced up to the side of the plane and demanded:

"What in the unprintable language is the dirty idea?"

To which, as he killed the engine, the student replied innocently, "But sir, wasn't it a beautiful landing?"

Later, after his pulse came back to normal, the instructor admitted, "It *was* a beautiful landing."

Behind these kids and their flying instructors is a business machine—the contract operator and his staff. The operator runs his base on a \$3,700,000 annual budget. His contract with the Government is the cost-plus-fixed-fee type and is renegotiated at the close of each fiscal year. The fixed fee is the profit paid to him in return for providing air training to military personnel. His profit runs between two and three per cent on the average investment.

Before he can obtain a contract, he must be able to finance himself for at least \$500,000, to guarantee his ability to meet a payroll, feed and house the incoming cadet personnel. The fixed fee is based on student flying time at \$1.10 per hour.

The Government guarantees to reimburse him in the amount of those expenses considered essential under the terms and requirements of the contract. Each operator, however, must be prudent in what he spends. If he exceeds his budget or spends money the Government does not approve, the difference comes out of his own pocket.

Although a civilian executive usually handles the formal paper



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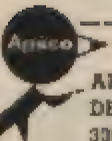
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work, an Air Force officer at the base passes on all proposed expenditures.

Malden Air Base in southern Missouri illustrates the costs of putting a field into operation. It is run by E. Merritt Anderson, president of Anderson Air Activities, and is a base that was used during World War II.

When the contract program was reopened, many of its buildings were still standing but in need of repair. Missouri winters can get cold, and heating costs run high. Mr. Anderson spent \$668,000 before getting into operation. Spence Air Base at Moultrie, Ga., operated by Beverly (Bevo) Howard, cost even more. Mr. Howard, president of Hawthorne School of Aeronautics, said his costs exceeded \$1,000,000. He, too, had to renovate buildings and grounds. Other operators had the same job.

One Air Force officer estimated that, were the Government to take over the program without help of civilian personnel, the cost per base would run as high as \$10,000,000 a year. In addition, hundreds of pilots badly needed elsewhere would have to be pressed into service, along with the necessary sizable ground force complement.

Thus the re-establishment of the contract school system represents a yearly saving to the taxpayer of millions of dollars in cash, plus the release of military manpower for duty in other areas.

As it is, the Air Force provides the T-6 trainers (125 at each base), parachutes, radio gear, along with desks and office furniture for officers assigned to the base. The operator owns the Cubs, 27 being the quota at each base.

The Malden base has a population of 1,300 people, about half of them military personnel. Its buildings are one-story temporary construction. Bainbridge Air Base in Georgia is entirely new except for the concrete airstrip and one or two service buildings. Its cadet quarters, nestled in pine groves, resemble neat, modern tourist motels.

Each room in a barracks unit houses four cadets, three Americans and one foreign-born student when the latter is at a base. Each has his individual bed, chair and table. Built-in closets hold his clothes. The wide clean streets running through the Bainbridge barracks area are named after jet aces of the Korean fighting, such as Jabara Street, Davis Street, Blesse Street, Lowe Street and Adams Street.

Facilities at each base are standard—hangars, administration building, theater, fire station, chapel, motor pool, infirmary, cadet club,

officers' club, post exchange, post office, laundry and dry cleaning establishment, machine and paint shops, mess hall, and buildings used for classroom work. Operations, weather station and control tower are usually independent of the others.

Back in 1942, when the original contract flying program was running at full throttle with 60-odd schools operating, the need for a coordinating agency between the operators and the Air Force became apparent. This led to the founding Dec. 9, 1942, of the Aeronautical Training Society with headquarters in Washington, D. C. It is playing an active part in the training program today under the direction of E. Merritt Anderson, president, and Wayne Weishaar, executive secretary.

A considerable part of the operation's success is due to the experience and ability of the individual civilian instructor. In composite, he is 32 years old, married and the father of two children. He has logged more than 4,000 hours of flying. A few of the real old-timers have as many as 10,000 hours. Some have been test pilots, some airline pilots, barnstormers and even private school operators themselves. Many were in the Air Force or Navy during World War II, and a few saw action over Korea.

They fly more than 900 hours a year, shepherding one class out, another in. For this they are paid approximately \$600 a month. The instructors are in flying because they like it. You sense it in talking with them, in their approach to their work, in their confident manner and obvious pride. They carry it home with them, because their wives reflect this same pride of achievement, and table talk in the instructors' homes is usually about the students; who soloed today, who is due tomorrow.

When a boy cracks up, or is washed out, talk that day is restrained or subdued. In the fraternity of flying every youngster is more like a brother than a boy they'll most likely never see again once he leaves the base. Frequently, instructors and their wives got letters from boys who had gone out and were fighting over Korea.

Perhaps, too, as much as anything else, this co-pride of instructor and his wife in the job being done is one of the reasons the schools show the lowest accident rate in the history of the Air Force primary training program. Everything counts as an accident in the Air Force, whether it be one plane bumping into another on the ground and denting a wing tip, or a mid-air crash with lives lost. Last year cadets flew 3,400,000 hours





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with an average of only one fatal accident for every 50,000 hours.

Despite the thoroughness of the training, the elimination rate runs roughly 22 per cent. This is compared to 43 per cent in the old days.

The quitting business is a chronic situation that exists at all bases. Some cadets, who in many cases are doing well, decide they want to quit. This problem, although affecting only a small percentage of the total students, nevertheless, is expensive and disconcerting.

Studies made by commanding officers show that in the majority of cases the cadet is governed considerably by the desire of his mother.

A lieutenant colonel described the situation:

"I have seen boys so torn between their own desire to fly and their mother's determination to prevent them from flying that they were actually emotional wrecks."

The primary training program got its start back in 1939, when Henry "Hap" Arnold, commanding general of the Army Air Corps, realized that this country soon would need thousands of pilots in a hurry. At that time we had about 1,600 planes and ranked about seventh among the nations in military aircraft.

Training then was done at San Antonio's Randolph Field with a capacity of 500 pilots a year. The general appealed for help to a small group of World War I pilots and a few nonmilitary flyers who were operating their own commercial flying schools.

This marked the first case of private business coming to the rescue of the military service in the training of the country's airmen. The general view among operators today is that the current contract primary flying schools, less perhaps one or two, will become permanent fixtures with the Air Force.

While individual schools are not in competition with each other, each tries to operate at the highest economic efficiency.

The aim is to increase the quality of the training and at the same time reduce the cost.

As a result these schools have graduated more than 10,000 student pilots since the program was reactivated in 1951, have saved the country millions of dollars a year, and made available thousands of airmen for active duty in places where their services were more in immediate demand.

There is strong reason to believe that, with the additional hundreds of pilots the program will turn out each month, the country's future security is in good hands—both military and civilian.

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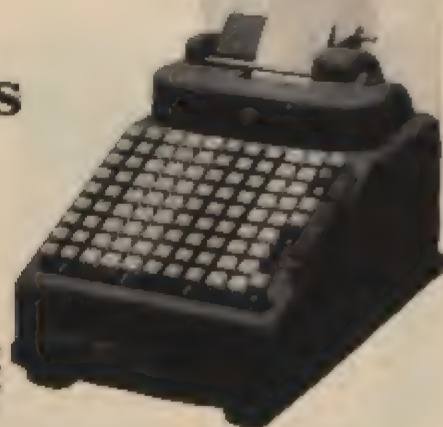
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## All Ham and a World Wide

(Continued from page 37)

monthly magazine, enabled them to fill their quota.

It's no exaggeration whatever to say that communications wouldn't be where it is today if it had not been for hams. A professional radio engineer, while skilled and competent, is like a professional anything else: At the end of his working day, he usually knocks off. Hams never do. Some frequently spend 18 hours at their transmitters, scarcely looking up when their wives bring them sandwiches (and/or complaints of neglect). "A ham's mind is always working at his hobby," says John Huntoon, an official of American Radio Relay League. "He doesn't know when to quit. And the reason he solves so many problems and invents so many new devices is that he doesn't know what's impossible."

Naturally, this eccentric brand of human being is clannish. Hams have their own language. They say, for example, "work" instead of "contact" or "get in touch with," as: "I worked a man in South America last night." When one amateur shows another a printed example of his code-sending ability, he says, "Here's a sample of my fist." Then there are numerous code abbreviations for words and expressions, as DX for distance, BCNU for "I'll be seeing you," TNX for "thanks," XMTR for "transmitter," and so on. These short forms are used to save time, as well they might be, for amateurs rank among the most talkative people on earth, and a word saved is several more words earned.

The most talkative class is made up of "rag chews," who get on the air and gabble incessantly about everything under the sun: politics, women, the high cost of living, movies they've seen, and anything

else that occurs to them. The next class is a group of message relayers, who seldom bother with small talk, being mainly concerned with getting information to its destination. The third class is made up of a group of high-domes who rarely go on the air except to experiment with equipment. A fourth class represents DX hounds who fish for QSL cards from faraway places.

Not content with merely talking on the air, hams get together for "hamfests," or party conventions. In certain areas they band together into clubs to discuss mutual problems and get other people interested in their hobby; there are many hundreds of these clubs scattered all over the world. For one amateur to meet another is for a friendship to spring up, apparently. Some time ago a Swiss ham arrived in New York for a three-week tour of the U. S. He fully intended to see as much of the country as he could. Unfortunately for his plans, he fell in with an air-waves pal to whom he had been talking for some years. This one introduced him to another, and another. By the time the poor Swiss' three weeks were up, he was still in New York, still talking amateur radio!

The friendliness of hams exceeds that of small town lodge members. "If you're stranded in a strange city, you need never wonder where to get a meal, get a check cashed, or meet a girl," one ham has said. "All you do is pick up a directory of amateurs and look up somebody you've talked to." Similarly, some hams help others in finding employment. John Cann of Baltimore, now an American Radio Relay League official, came home from the Army and, as soon as possible, sat down at his set.

His first night home, he talked to a man in Nashville who asked him



about his wartime experiences. Mr. Cann told of his Air Force communications experience. "Do you want a job in Alabama?" the Nashville man inquired. "I can recommend you for one down there—pays \$360 a month." "He never stopped to ask me anything about my personal habits, or anything," Mr. Cann says, wonderingly. "Because I was a ham and had some experience, he was ready to recommend me sight unseen!"

The majority of amateur clubs in this country are affiliated with the American Radio Relay League. It is a nonprofit organization set up to coordinate ham activities and to act in their interest, to stimulate research and development of equipment and to act as a clearinghouse and publication center for new information. The founder of the League was the distinguished Hiram Percy Maxim, the scientist and inventor, generally acknowledged to be the father of amateur radio. One evening in 1914 Maxim was trying to get in touch with another amateur in Springfield, Mass. Since his set was not strong enough to send a message from his home in Hartford to Springfield, he relayed the message through a third amateur. The next day he had an idea which led to the founding of the League: to link amateurs all over the country into a network. Within a few months the idea had gained tremendous impetus.

**WORLD WAR I** marked a temporary cessation of amateur activities, since the Government imposed a ruling barring hams from the airwaves (the same thing happened during World War II). After the war, it was largely due to Maxim's efforts that hams were permitted to resume. He and a group of energetic fellow-hobbyists got together and pooled resources, hired a paid secretary, Kenneth B. Warner, and began publishing *QST*, the official magazine. Today the ARRL network extends all over the continent. It handles a considerable traffic in messages, which are printed on ARRL radiogram forms. It does this, by the way, without charge, since amateurs are strictly prohibited from engaging in communications for money. ARRL maintains its own station, WIAW, the former call letters of Maxim's set, granted by special FCC ruling after the old gentleman's death.

Today, in addition to the ARRL network, there is also a Radio Amateur Civil Emergency Service, operating in conjunction with the Federal Civil Defense Administration; and a Military Affiliate Radio System, an organization of amateurs interested in military communications

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The Defense Department became aware of the importance of amateurs most strikingly during World War II. When the fighting started, amateurs were asked to sell their sets to the Government. They responded almost to a man. One ham, a Bostonian, sold his equipment and enlisted. He was sent to Alaska with the Air Corps and assigned to a communications shack. He gave a shout of joy when he saw the call letters on the set: it was the one he'd sold months before! All told, around 25,000 hams served in the armed forces, and a similar number in defense plants manufacturing communications equipment.

ARRL officials—and members, too—declare that theirs is the perfect hobby. It is not only educational in the technical sense; it leads its members into an interest in geography and language (members of one subsidiary group, the DX Century Club, try to see how many foreign lands they can "work"; when they reach a total of 100, they get a certificate). But amateur radio goes beyond instruction. It teaches good manners and offers a short course in ethics. Amateurs operate under a "give the other fellow a chance" code; they have to, for with thousands of voices and code beeps all over the channels, they are constantly battling interference. "Most amateurs are gentlemen," says Arthur L. Budlong, general manager of ARRL, himself a 62-year-old ham of pre-World War I vintage.

Aside from its educational aspects, hamming is just plain fun, which must account for its universal appeal. Hams come from a range of age and occupational and income groups which would give a pollster the shakes. Last spring the wire services carried a picture of Bobby Patrick, a gentleman of Dalton, Pa., sitting with fist at key, clad in his Cub Scout uniform. Bobby is nine. Even so, he isn't the youngest licensee—Leonard Ross of Tujunga, Calif., who learned to read at three and operated an electric typewriter at four, passed his Novice class exam at seven.

At the opposite end of the scale is one active ham who was 86 this year and, to the best of ARRL's knowledge still rag chewing. (The average age is 33.) Almost every conceivable industry boasts a quota of amateurs in executive positions, such

as Clyde Hendrix, vice president of Pillsbury Mills; Paul H. Davis, former president of the Chicago Stock Exchange; Edward C. Cressett, the lumber king; or Henry B. Joy, late president of Packard.

Addiction to amateur radio sometimes gets so bad it even afflicts people who talk for a living, such as Freeman Godsdon, first half of the team of "Amos 'n' Andy." The most serious recorded incidence of aerial logorrhea, or the inability to stop talking over the airwaves under any circumstances, is the case of Martin Block, a New York disc jockey. He used to broadcast on commercial radio more than any living human save possibly Arthur Godfrey. At the end of his working day, he would take his ease by chatting with other amateurs on his own rig. About the only occupational group that can't boast its quota of amateurs is the theater, possibly because actors feel that being called a ham in one sense is enough.

Nor are devotees exclusively male. "Miss Pennsylvania" of 1950 was an



amateur. So was—and is—Margaret Beneke, wife of Tex Beneke, the band leader. The Benekes have a set in their automobile, to keep in touch with other amateurs while the band is on the road. When they reach a destination, Tex carries the portable unit up into the hotel room and drops an aerial wire out the window. The Benekes did not meet through a mutual interest in radio, but many other now-wedded couples can make this claim. ARRL officials also know of at least two instances in which people were married over ham radio.

Whole families—mom, dad, and the kids—sometimes pass FCC tests for licenses. One family in which this has not yet occurred lives in Milwaukee, Wis. Both a father and his 11-year-old son took their exams at the same time. Junior passed with flying colors; the old man, alas, failed.

To the earnest amateur, there is no such thing as physical handicap. Earl Mead, mayor of Huntley, Mont., is a cripple. There are more than 200 stations licensed by blind men. Leo Sadowski of Brooklyn, N. Y., was born deaf and dumb, and was blind in both eyes at 16. Yet, with the help of Robert Gunderson, who rigged a buzzer so that the code



impulses could be felt, he passed his tests and was awarded a license.

It doesn't cost much for a ham to get on the air. A youngster can set up his own rig for about \$50, if he's ingenious enough. A radiotelephone set should cost him about twice that. Yet hamming can cost an extravagantly pretty penny. One company makes a transmitter that sells for \$3,850. When announcement of this model came into ARRL, Manager Budlong was convinced a mistake had been made. He put in a call to the company, only to learn that it had tooled up to make 50 because it got advance orders for 48 when the transmitter was announced.

One wealthy man is known to have spent more than \$100,000 on his set. At least one Indian prince—the Maharaja of Sikkim—is a ham. So are a few Arabian princes, and several American generals.

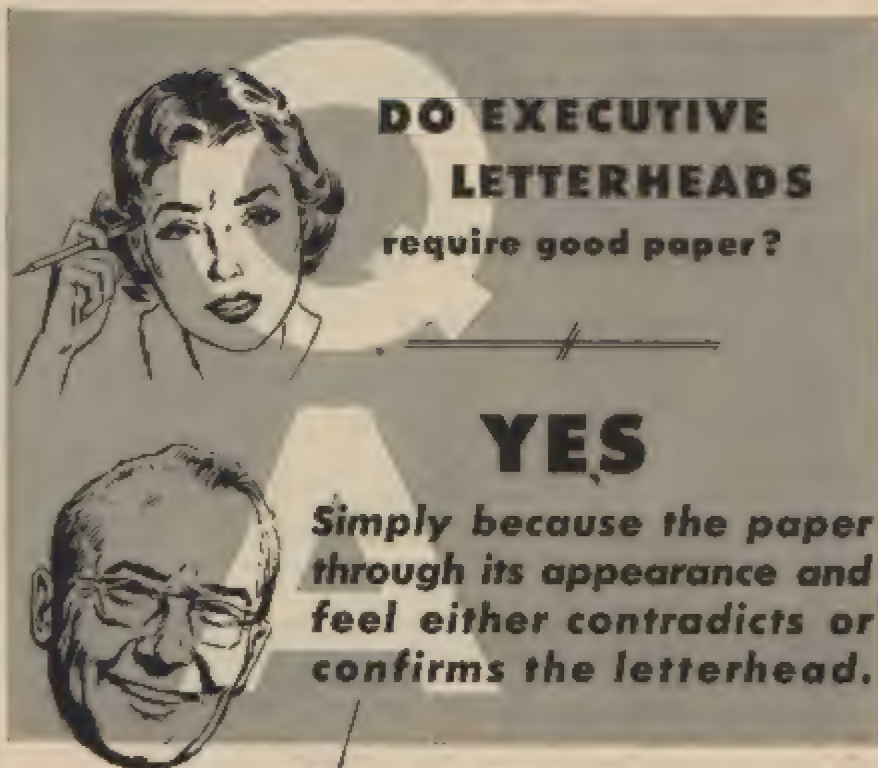
Any number of similar unlikely friendships have been the result of ham activity. During 1928, when Herbert Hoover and Alfred E. Smith were opposing each other for the Presidency, an amateur in San Francisco got in touch with one in Pomona, Calif. He began speaking in Smith's behalf. He spoke at great length, and vehemently. For some reason his pal responded with something less than enthusiasm. After each signed off, the San Franciscan looked up the Pomona amateur's call letters in the directory of the stations. The name opposite the call letters was Herbert Hoover, Jr.

It is this confluence of different personalities all working in common interest that makes amateur radio as important a force as it is today. Hams in Pennsylvania exchange information with others in Colorado, and important technological advances are the result. As Arthur Budlong says, "There is no telling what hams will uncover next." And, as Messrs. Bateman and Smith announced after their successful experiment with the moon-bouncing signals, "That was only the beginning."

On Mr. Budlong's desk sits a curiously carved wooden trophy, which was sent him from the Philippines by Lt. Col. Fred Elser, a Signal Corps officer. The cup bears the inscription:

FIRST AMATEUR RADIO  
TWO-WAY COMMUNICATION  
EARTH AND MARS  
WON BY:  
DATE:

The chances are the two blanks will remain unfilled for some time to come. But Mr. Budlong says, quietly, "It wouldn't surprise me a bit to write in some ham's name one of these days." **END**



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## Russia's Gaining on Us

(Continued from page 27)

formed from a largely unschooled, untrained mob of 10,000,000 into an "educated," moderately competent proletariat of 30,000,000 while collectives had become the vogue on 96 per cent of all farms. Above all, the crucial aim was being reached. Industrial production in June of 1941 was some 925 per cent above its 1928 mark. Stalin was hinting at a lift in living standards when the Nazis struck.

Hitler's legions were, in large measure, hurled back by Russia's three great generals: Winter, Mud and Space; by the courage of its defenders; by \$13,000,000,000 in lend-lease aid from the U. S., Britain, Canada. All these were important, but perhaps even more important was something else: the ability of Soviet industry, located east of Moscow (industry in the western area had been destroyed by the invasion, except for 1,300 plants evacuated toward the Urals), to turn out in the last three years of the war an annual average of 40,000 planes; 30,000 tanks and armored vehicles; 120,000 artillery pieces; 450,000 light and heavy machine guns; 200,000 submachine guns; 3,000,000 rifles; 240,000,000 shells and bombs; and 7,500,000,000 cartridges.

"Production wins wars," said Stalin.

However, the Nazi onslaught had inflicted massive destruction upon the Soviet economy. More than 7,000,000 combatants perished, and 38,000,000 civilians were left homeless. Property damage totaled \$128,000,000,000 (as calculated in U. S. 1939 prices) or two thirds of the total wealth in the territory conquered and occupied by the *Wehrmacht*. Laid waste by artillery fire, bombs, or demolition charges were 31,000 factories, mines and electric power installations; 40,000 miles of railroad track; 13,000 bridges; 6,000,000 buildings in 1,700 cities and 70,000 villages. Livestock losses were 7,000,000 out of 11,600,000 horses; 17,000,000 out of 31,000,000 cattle; 20,000,000 out of 23,600,000 hogs; and 27,000,000 out of 43,000,000 sheep and goats.

Soviet recovery from war's devastations has been even swifter and more astonishing than that of western Europe under the Marshall Plan. This comeback has been quickened by plundering, under the guise of "reparations," some \$2,000,000,000 in industrial equipment from East Germany, and by using the Japanese

occupation of Manchuria during World War II as excuse for looting \$1,600,000,000 in electric generators, transformers, motors, everything else portable. Then, too, the satellites have had to yield to the USSR whatever it demands in supplies and machinery such as bauxite from Hungary and turret lathes from the former Skoda works in Czechoslovakia.

Currently, the Kremlin has set its economic sights higher than ever under the fifth Five Year Plan (1951-55, inclusive). It intends to raise steel output 62 per cent over 1950; coal 43 per cent; electric power 80 per cent; oil 85 per cent; tin 80 per cent; big metal cutting machine tools 260 per cent; railroad trackage 50 per cent; cement 220 per cent; mineral fertilizers 88 per cent. It has told consumers that their real pur-



chasing power will go up by 35 per cent and that, typically, they will have available 70 per cent more cotton, wool, silk and linen fabrics; 90 per cent more meat; 50 per cent more leather footwear; 240 per cent more kitchen utensils and sewing machines and 50 per cent more "community construction": new dwelling units, water mains, heating, municipal transport.

These are extraordinarily ambitious goals, even for the Kremlin. Can they be met? Until recently we had few clues to a reliable answer to this or similar questions. However, the patient detective work of the West's economic scholars, most of it reaching full fruition over the past 30 months, enables us to transpose the distortions of Soviet statistics into reasonably accurate estimates of future trend lines, as well as having provided us with a scale of revised reckonings for computing the real rate of Soviet economic growth during the past quarter of a century.

On the basis of such findings, together with surveys and reports from other authoritative sources, it looks as if Kremlin prospects for fulfilling its 1955 quotas are excellent for heavy industry and fuels, good for most metal mining, good for trans-

port, poor to fair for light industry, and poor for agriculture.

This forecast, in broad contours, is sustained by a brief audit of past performance by key indicators of Soviet economic power.

Twenty-five years ago, for example, Soviet annual steel production stood at 4,500,000 net tons, rising to 20,050,000 in 1940. It is about 41,400,000 today with a target of 44,200,000 for 1955, when estimated U. S. production will be about 123,400,000. Although our own steel production has been stretched some 73 per cent within the past seven years (see page 30), the corresponding gain in the USSR is about 189 per cent within the same interval. Improvements in the quality of alloys have made it possible for the Soviet's machine-building industry, from grinder to gear cutter, to increase four times faster than any other branch of Soviet economy, and to diversify its forms as it kept swelling in size. In 1928, for example, the industry was making 1,800 machine tools a year, but only 100 different types; in 1940, 65,000 with 500 types; today a probable 125,000 of 2,600 types, with a target of 260,000 with perhaps 3,000 types for 1955. In this connection, the differences between American and Soviet definitions as to what a machine tool really is make comparisons difficult especially since Soviet statisticians sometimes include small portable gadgets in their data. With this qualification in mind, our production of machine tools for 1955 is estimated to be about the same as in 1952, or some 97,000.

The "machines that make machines" have first claim upon Soviet steel, illuminating the axiom that the way a country allocates its steel can often be as significant as the amount it produces — especially when it comes to military effectiveness. Hitler entered World War II with only 22,700,000 tons a year, and Japan with 6,900,000. Our armaments are absorbing 14 per cent of our steel, while in the USSR they have been taking more than 30 per cent since 1938. This helps to explain why the Soviet Union has been able to equip with modern weapons an army of 3,100,000; why it is capable of supplying to the 800,000 members of its air force 22,000 modern planes a year, including 5,400 jets of the MIG type; why its four-sea fleet, manned by 600,000 sailors, with their new speedy battleships, cruisers, destroyers, snorkels, has replaced Britain as the world's second most powerful navy.

Moreover, the steel plant is increasingly the hub into which are filled the spokes of other industries



from chemicals to electronics to combines. This reflects the Kremlin's recent emphasis upon developing five major economic regions (Leningrad; Moscow - Iaroslavl - Gorki triangle; eastern Ukraine; Urals; western Siberia) that can be made as self-supporting as possible in all respects, military, industrial, agricultural. If one region should be sealed off or obliterated by enemy attack, the others can fight on as self-contained units, with their own armed forces, their own stockpiles of munitions and materials, their own plants (some underground), their own coal and electric power, and food from surrounding sectors.

The advantages of economic regionalism are especially great in a country where the expanse of 8,500,000 square miles (2½ times the size of our land area) makes long hauls a costly part of production overhead. The Kremlin is trying to fashion a "transport axis" inside each major region, with radials linking them with each other. It is insisting that some 25,000 kilometers of new track be laid before the end of the present Five Year Plan. At first glance this would seem impossible. Yet it should be recalled that the Soviet Union's 3,000,000 railroad employees are under martial law to "do or die"; more steel is available than ever before; labor productivity on the railroads is certainly no less than the national average which, using 1928 as 100, is now around 490; and that even in the midst of World War II, some 11,000 kilometers of new track was built, bringing the present total up to some 125,000 kilometers, with 150,000 the target for 1955 (U. S. estimate: 357,300 kilometers).

In any event the Kremlin appears jubilant over the outlook for railroads. It is likewise confident about (a) coal, where production has been lifted from 39,050,000 net tons in 1928 to some 330,000,000 today, with 409,000,000 scheduled for 1955 (U. S. estimate: 552,000,000 tons); (b) oil, where the figures are 12,100,000 tons in 1928 and 52,800,000 currently with 76,890,000 for 1955 (U. S. estimate: 317,000,000 tons); (c) electric power, up from 5,000,000,000 kilowatt hours in 1928 to 133,000,000,000 currently and 162,000,000,000 in 1955 (U. S. estimate: 448,000,000,000 kw-h).

Comparable advances have been scored in nonferrous metals. The Soviet aluminum industry, virtually nonexistent 25 years ago, is now turning out 220,000 tons a year, with 286,000 set for 1955 (U. S. estimate: 1,800,000 tons).

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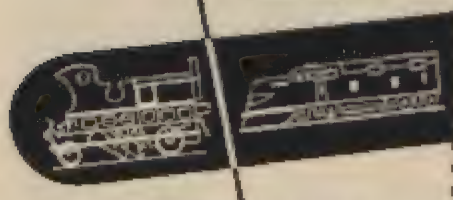
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all of these targets. Soviet heavy industry is being penalized by its earlier improvident use of the richest, nearest formations of iron ore and graphite, and the need to rely on inferior grades; by such shortages as that in sulphuric acid; by the lack of coordination within and between industries which stems from the attempt of economic planners to prescribe too many details; from the lack of managerial creativity, initiative, and willingness to risk, together with the anxiety over talebearers and spies, which are inseparable from totalitarian society.

On the other hand, the very ruthlessness with which drives to enlarge production are pursued should not be underestimated. Nor should the fact that, in education, knowledge, training, the Soviet people are very different from what they were a generation ago. The number of scientific institutes and laboratories has risen from 1,540 in 1940 to 2,900 today; some 57,000,000 pupils are attending schools and universities; in Gorki region alone, there are 62 technical colleges with an enrolment of 47,000 students. The son of yesterday's muzhik, with his medieval mind, may be today's atomic physicist. While in research Communism's brain-warping dogmas strangle the spirit of free inquiry, the adaptation of the West's discoveries to Soviet problems goes on apace.

Since Soviet heavy industry has first call on executive talent, materials, manpower and investment funds, light industry remains the Orphan Annie and can deliver only to a partial extent on Kremlin pledges to amplify consumer goods. To be sure, light industry is geared to turn out considerably more paring knives and pots and pans and even some token home refrigerators and vacuum cleaners than in preceding years. But it is otherwise up against this dilemma: the peasants still hanker after factory shoes and clothing which are fabricated from hides, fleece, cotton. However, since the shoes and clothing are not already forthcoming the peasants haven't the incentives to provide enough raw materials out of which they can be made.

To correct this condition, the Kremlin recently promised to cut in half the taxes of the peasants, and let them earn extra profits from the sale of products raised on their individual plots of land.

On the food front, the USSR is suffering retribution for putting too much effort into mechanizing and collectivizing the farms while neglecting the land itself. It has been thrifless about crop rotation and soil depletion, even though latterly it

has been rushing to make up for such oversights by raising the production of phosphates and other fertilizers, and by building irrigation systems and shelter belts against erosion. Then, too, some 7,000,000 people have been transferred from agriculture to industry since 1946; and Soviet population continues to increase by 3,000,000 a year. To date, livestock renewals have not made up for the frightful extermination of the war. As a result, the national diet by 1955 will be improved, if at all, only to a meager extent. Similarly, the construction of new dwelling units will suffice more to keep alive the hope for better quarters, someday, than to meet exigent needs.

Nor can the distribution of Soviet national income be expected to change from its present pattern under which the three per cent of party hierarchs, the upper echelons of government, technicians, journalists, scientists, industrial executives receive from \$5,000 to \$20,000 a year; the seven per cent of the middle and lower echelons of the bureaucracy from \$700 to \$3,000; the 41 per cent of the workers \$425; the 39 per cent of the peasants \$225; and the ten per cent of slave labor what it costs to keep them alive.

Nevertheless, outside the U. S., Canada, Australasia, and most of non-Communist Europe, Soviet per capita income on the average compares favorably with that elsewhere around the globe, a point too often forgotten. It is nearly half that of Britain, three quarters that of



France, and on a par with Japan and Argentina, and above Italy. It is from ten to 12 times higher than in India, Pakistan, China, Indo-China, Indonesia and the Arab States.

Meantime, as Soviet economic power keeps rising, the question of what is going to be done with it stares at the West and all who cherish freedom.

Some believe that the Kremlin will eventually devote its new wealth to conferring upon the populace the Biblical "feast of fat things." However it would seem more likely that the Russian people will be kept on minimum rations needed for internal stability as long as the Kremlin thinks it can use an extra bolt or bushel to advance its strategy of making Communism prevail



throughout the world. Any shift from this course could occur only if a patriotic nationalist movement should triumph and depose the "more Communist than Russian" faction that has been in the saddle.

Presumably, such patriot-nationalists would invoke economic power to bring prosperity at home and win trust and cooperation abroad. Barring this eventuality, Russia's economic expansion must be watched. This does not mean that the Kremlin will consciously precipitate a third world war, although this possibility can never be ruled out entirely. It means rather that it will command its economic power to wage war by other means, at less expense.

Already in still free Asia, as well as in the Middle East, Africa, and Latin America, Soviet propagandists are pointing to the USSR's accomplishments in production as proof that the way to abundance is to embrace Communism; this appeal is potent in places where industrialization is idolized as the new magic force that wipes out poverty and ushers in the brave new world, tomorrow morning. Since to the Kremlin, production is a political rather than an economic process, it can sell at cut rates both commodities and equipment to peoples in the underdeveloped areas as a method of drawing them into the communist orbit. It can use its surpluses for dumping goods and depressing prices to damage the free world's markets, especially since it looks upon trade as a weapon in the cold war. The Kremlin can devise its own versions of the Marshall Plan and Point IV and turn against us and the West in general the very turbines, tractors and T-squares it has borrowed from the enterprise and inventiveness of the Atlantic community. Significantly, the Kremlin last July for the first time offered to contribute to the UN'S technical assistance program to the tune of a million rubles.

If the free world is not to be undermined by the growth of Soviet economic power, western Europe must invest more psychic energy into self-preservation. In keeping ahead, or even, with the USSR's industrial advances, western Europe's problem has less to do with resources than with the gumption to survive, the will to work and to break out of traditional molds. In our own country the problem is even less that of resources, nor is it lack of vitality or faith in ourselves and our future. It is a problem of public awareness which is the indispensable preface to measures that can enable us to maintain our lead and deal successfully with all the implications of the Soviet speed-up for supremacy. **END**

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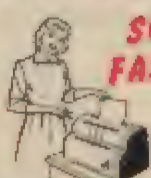
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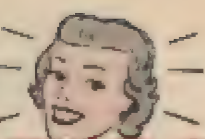
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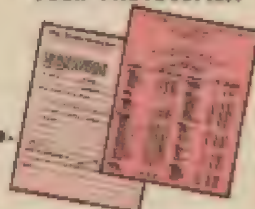
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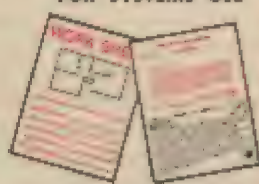


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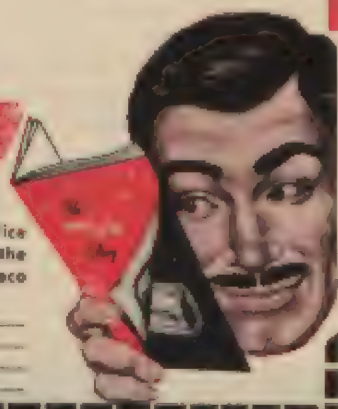


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## It's Easier When You're Honest

(Continued from page 41)

he kept most of the money he stole.

But Schiffer definitely is the exception. Others are not so fortunate, although the aggregate amount of money they filch may be impressive. This is because of the necessity of spreading the loot more thinly as broadening activities make increasing numbers of people necessary to run the racket. The famous Birmingham, Ala., ring, for instance, undoubtedly cleared hundreds of thousands—if not millions—of dollars over a period of nearly seven years. The exact amount is not calculable, but this gang is known to have operated in Georgia, Alabama, Mississippi, Louisiana and other southern states.

Thirteen people were convicted and sentenced for conspiracy in this case but at least 49 were involved. Many were released for lack of evidence to cloud further the division of money obtained by the gang.

To run such a ring there must also be corrupt witnesses, doctors and lawyers—all of whom share—further to reduce the individual cuts. It is a melancholy fact of the insurance crook's life that he receives very little for his fantastic knavery.

The methods of the Birmingham gang were unusual. Their capers always involved an otherwise respectable citizen who needed ready cash. The gang would point out that he could obtain this at little risk to himself simply by reporting to his insurance company that his car had gone out of control and rammed into people standing on a curb. He would then say that he had taken these people to the hospital in his car and that the accident was entirely his fault, thus assuming liability. The gang would then take over. He would receive a share of the insurance payment for his services.

The leaders of the ring were brick masons by trade and they used bricks in their racket. Having been coached carefully by their crooked doctor on how to simulate injury these men acted as flop artists themselves—something unique among the leaders of such gangs.

Before going on a job they would scald their bodies with hot towels until the skin was tender. Then they would scrape bricks across the sensitized part, causing a convincing abrasion. Usually this was done to the back or to the abdomen. But it was not enough. Our masons were perfectionists. On the way to the hospital they would lacerate their

gums so that they could expectorate blood. Another favorite clincher was to devour a cake of laundry soap which, not unnaturally, caused nausea and fever.

But this realism, repeated many times, brought about the mob's undoing. The fakers became familiar and investigators, police and the hospital authorities set a trap. Came the day when one of the masons lay in the emergency ward moaning happily. Elsewhere in the hospital his lawyer was enthusiastically filing a damages claim. All seemed according to plan when the doctors suddenly ordered him removed to the operating room for emergency surgery.

This, of course, was not in the script and our mason protested—to no avail. He was wheeled into the operating room where a large surgical display had been laid out on the white metal tables.



The gentleman took one look, then took off. In scanty hospital attire he ran howling through the murky corridors—into the waiting arms of the law. In the Georgia penitentiary, where he was sent, he was employed in the prison laundry. In view of his previous appetite for laundry soap, this seemed peculiarly appropriate.

In another technique, it was the underlings who had to undergo the ordeal of physical abuse. These were the cases of the Omaha, Nebr., and Kirksville, Mo., rings. The Omaha leader, a real estate man in his late 50's, had no taste for such realism as the Birmingham masons practiced; he insisted that his henchmen have it. His methods also involved automobiles, but usually included a collision.

The ringsters would drive two cars to a lonely and deserted road. One of the drivers would get out while the other would ram the empty car with his own. Then the rammed car would be pushed sideways down the slope into the ditch beside the road, smashing it further.

The owner of this car and his former riding companions, if any, would then wallow in the mud or

dust in the ditch, tearing clothes and scratching themselves, after which the serious realism began. This sometimes was administered with a baseball bat, sometimes with a rock, sometimes with a rubber hose—sometimes even with razor blades.

After this monstrous exercise the now authentically injured people were driven to the hospital by a passing car, if possible, but by other members of the ring, if necessary. There were always some standing by in case they were needed.

In his confession one of the ringsters gave an itemized account of how the money received from the insurance carrier was used and divided. His confession concludes: "Of the \$1,500 received, \$225 was used for the doctor bill, about \$150 for hospital bills, \$16 for court costs on suit started, \$75 for repair of my car, leaving a little over \$1,000 net, out of which my lawyer took his percentage, leaving \$750. Of this, I was to pay the leader 40 per cent and I did pay him approximately \$300." All that this misguided individual received for his ordeal was \$450.

The Omaha ring came to an end when an anonymous informant tipped off the police. Post office inspectors, insurance investigators, private detectives and police collaborated in breaking it up. When the case was closed, eight men and one woman received terms of from one to six years, plus fines of \$500 to \$2,000. The leader got the top sentence of six years.

The willingness of the insurance crook to submit to cruel pain for illegal gain is again illustrated by what investigators call the biggest fraud ring on record. This operated in the pleasant north Missouri town of Kirksville. The ring operated with several doctors and lawyers, an osteopath, a nurse, a few insurance agents, a county sheriff, a number of farmers and assorted businessmen—all looking for a fast buck.

There were 82 in all, of whom 66 eventually pleaded guilty to mail fraud in the federal court at Hannibal, Mo., and were sentenced. The others either died or had their cases dismissed. While the gang is believed to have stolen hundreds of thousands of dollars, the total return for the average operator, in view of the number involved, is thought to have been puny.

The exception to this may have been the leader, who is said to have received cuts of up to 25 per cent as his share of the loot. This man was an insurance agent himself. Indicted on 22 counts, he was sentenced to five years in the penitentiary.

Like the Omaha man, the Kirksville leader was an advocate of real-



ism—for others. Moreover, he administered it personally. He is known to have broken a man's wrist with a crank handle and to have smashed his hand with a hammer. The osteopath was called in to compound this injury by manipulating the bones of the hand and to inject hydrochloric acid into it to cause infection. The osteopath succeeded. The hand had to be amputated—an eventuality regarded as a triumph by all concerned.

Another man permitted the leader to break his leg with a 16-pound sledge hammer, then alleged he had been run over by a truck. For this he was pleased to receive \$1,500 and share it with his colleagues.

The ringsters also were familiar with various tricks calculated to simulate injuries. These included such arrangements as the insertion of a horsehair under the skin when an X-ray was to be taken, the injection of paraffin into the wrist or lower arm, or the dropping of ground glass into the eye. The horsehair looks like a fracture on the developed X-ray plate; the paraffin puffs up the arms to resemble a genuine swelling; ground glass in the eye is not painful if an anesthetic is first dropped under the lids. All such things, of course, may be adduced as evidence when a claim for damages is presented.

Most insurance crooks begin their careers of fakery only after they have made legitimate claims. A person is paid following an accident and few questions are asked. So he gets ideas. He tries it again, this time faking the accident, is paid again—then repeats. It's better, he thinks, than working. Besides this, he probably has observed that it is an established precedent in most courts that where there is a question of doubt in an insurance case, the plaintiff is favored.

Also, our faker has discovered that public sympathy is usually with the injured in these cases and that some insurance companies have inspired ill will by fighting what seemed to be reasonable claims. Moreover, he has found out that most juries will be sympathetic when the carrier seems reluctant to give the plaintiff his apparent due.

So now he is embarked. Not satisfied with little amounts, he branches out, brings in crooked lawyers, doctors and witnesses, all of whom must be paid off. But right here he begins his certain trip to the penitentiary because somewhere in the elaborate fabric of falsehood he and his henchmen must weave will be an obvious discrepancy that will inspire an investigation. At that point his fate is certain but few realize it until it is



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too late. Even then, after prison or fines, some fakers try it again. They never seem to learn.

One who did seem to learn, however, is legendary among insurance investigators. He is a tall, good-looking, youngish man with dark hair and brown eyes. This man was an accomplished faker and flop artist. He was so accomplished, in fact, that he was the subject of a monograph in the American Medical Association Journal.

He could dislocate any joint in his body—jaw, neck, shoulders, hips, wrists, knuckles, knees, ankles, toes, even vertebrae—as well as simulate, by self-hypnosis, concussion of the brain.

This man first came to the attention of the insurance people in Oakland, Calif., when he fell down the steps of a double-decker bus and telephoned from a hospital that he had dislocated three of his cervical vertebrae as well as his neck and demanded \$10,000 for his injuries. The adjuster hurried to the hospital and found that the report was not exaggerated.

The man lay in bed, his head fastened to keep it immobile. The physician in charge said that he had reduced the dislocations, but that the injury was serious and that he intended to put a plaster cast on the man's neck in a few days.

**T**HE adjuster settled the claim, although the injured man agreed with alacrity to accept a sum considerably less than \$10,000. Then, after the adjuster had departed and he had the money in hand, an astonishing thing occurred. To the amazement of nurses and hospital attendants, our contortionist slipped everything back into place, discarded his impediments, and left the hospital.

It is interesting to speculate what this man might have done, had he been objective about it all. But he could not be. He boasted of his prowess. In Philadelphia he was delighted to show a shocked doctor how he could dislocate his neck and fake an injury. This inspired the medical article about his unusual powers. In Newark, N. J., when being questioned by the prosecutor in the latter's office, he was more vain than discreet. Instead of attempting to save himself he displayed his ability willingly and even consented to perform before a motion picture camera for pictures that later were used as evidence against him in court.

Because he was more artist than knave—and proud of it—he spent an inordinate amount of time inside penitentiaries—New Jersey, Maryland, California—during the 15

years he is known to have been slipping himself out of joint for profit.

While he evidently learned his lesson, many others continue their dreary fakery to be sentenced to varying terms for perjury, mail fraud, false swearing, conspiracy, larceny by trick, con game (the actual legal name of a crime) or something else. There is something ludicrous about all of them but some are more absurd than others.

**T**HERE is the case in New Jersey of a man who was injured slightly in a plant, who claimed permanent disability because of this, and whose family and friends supported his claim with various evidence. Hence he was paid a weekly sum by the insurance company. These payments were to last the rest of his life, but he was not satisfied. He claimed more. This the insurance people contested.

Meanwhile the man had been doing odd things for one supposedly disabled. Each morning he set out with his son in a truck, ostensibly to watch his son work, but on arrival at the job he discarded his incapacity—they were builders and carpenters—and wrestled beams, bricks and other building materials about with ease. This might have continued indefinitely had not he mentioned casually to a man in Montclair, N. J., who had contracted for his son's services that he considered the insurance company a cheap outfit for not paying his claim.

The man to whom he was talking happened to be a vice president of the firm where our man originally had injured himself. He recalled the incident and after investigating our man, informed the insurance company of the facts. Investigators were assigned and took movies of the supposedly injured man in the act of prying boulders loose with a crowbar and performing other jobs that required strength and endurance.

The disputed claim eventually came to court and the plaintiff arrived, supported on the one hand by his wife and on the other by his son. After the court got a look at the movies the man went to the penitentiary for perjury.

But he was relatively fortunate. Sometimes such fakery leads to more serious things, as in a recent Texas case. In this instance a man filed a claim for injury which was purely fraudulent. This the investigators discovered. But they also discovered that the claimant had murdered his wife two years before after having thoughtfully insured her.

Taking everything into consideration it would seem that there are better ways of making a living. **END**



## The Tax Man Rings Twice

(Continued from page 39)

wanted to put aside enough to provide a future income. Many of them count heavily upon dividends after they reach retirement age.

But the immediate effect on the dividends of these present stockholders is only a part of the problem. There's a much larger stake—the future of our private productive enterprise system.

**L**AST year American corporations earned \$39,700,000,000, paid out \$21,800,000,000 in taxes (mostly federal), paid their stockholders \$9,100,000,000 in dividends, and plowed back \$8,800,000,000. This was the first time since the war that they retained less than they paid in dividends.

The \$9,100,000,000 paid out in dividends represented about \$18,900,000,000 in earnings, because corporations paid \$9,800,000,000 in federal taxes alone on these earnings. To put it another way, under the current corporation tax rate of 52 per cent, a company which wants to pay \$1 in dividends must earn \$2.10 before it can do so. (While a lower rate than 52 per cent applies to the smallest corporations, only a negligible amount of the total tax comes from them. For practical purposes the 52 per cent rate is accurate for corporations as a group.)

Our American tradition has been one of constant, although interrupted, expansion. Each year thousands of young men and women look to industry for jobs. As our population increases their annual number becomes greater. At present about 700,000 new workers seek employment each year. To supply these jobs we have invested, over the years, many billions in capital equipment—in buildings, in machines, in tools, and in raw materials.

As our economy becomes more complex the cost of these items increases proportionately. Each new job in 1951 required the investment, on the average, of more than \$11,000. The cost today is higher. In one new steel plant the cost per worker has reached \$70,000.

This money can come from only a few sources. Reinvestment of earnings will, to some extent, supply the capital needs of an established business. Such a business may also borrow money on the strength of its future prospects and its present assets. Or it may sell a share of the business in the form of stock. But before there can be reinvestment

there must be earnings and few new enterprises can earn enough to supply their own capital needs.

The expansion of established businesses, however, has not been the only source of our economic growth. There has been constant change. Horse collars and buggy whips were once established industries. The man with a vision—an idea for a new product—has repeatedly changed our mode of life and created new needs, desires and necessities. Railroads, automobiles, airplanes, radio and television have all modified our lives. And each, as it grew, required greater sums for the financing of its production.

Traditionally these funds have come through the sale of stock, or shares in the business, to individuals. New enterprises, if they are to grow, must rely largely upon the savings of numbers of outside investors. Usually they depend at first upon individual savers in their own localities who have enough money laid aside to make it possible for them to assume heavy risks where there is strong hope of substantial gain.

This is the group of saving people most affected by the tax penalties levied upon financial success. Through high tax rates and inflation, their ability to supply funds has been reduced. And the knowledge that a large portion of their earnings will be taken from them as high taxes has weakened their incentive to invest.

**N**O very searching examination of the tax laws is needed to find why this is true. A three per cent return on invested capital can hardly be termed excessive under any circumstances. But, for a man in the highest bracket to receive even that low return, he needs to find a stock which pays 37½ per cent in dividends. In the lowest bracket, the required return would be only slightly less than four per cent.

A major question then is, what do people do with the money which might otherwise flow directly into capital investment? In 1951, according to estimates by the Securities and Exchange Commission, individuals increased their holding in cash, bank deposits, savings and loan shares, debt and equity securities and the cash value of life insurance by \$19,400,000,000. In the same year they made net purchases of new stock offerings amounting to about \$950,000,000 and converted \$650,000,000 of bonds into stocks. Only about eight per cent of total liquid

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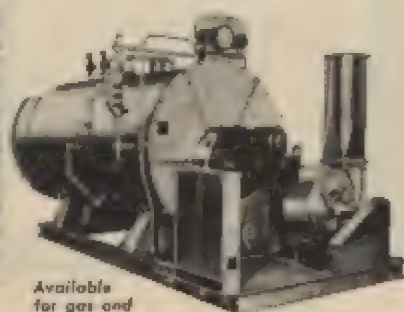
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savings accumulations went into the net purchase of equity securities. Obviously more savers are looking for security for their savings than are seeking productive opportunities for venturesome investment.

Both government and private agencies have been looking into the future and attempting to predict the long-range capital needs of American industry. Predictions for the year 1960 center around an estimate that private outlay for producers' durable equipment and new, nonresidential construction will need to be about 25 per cent higher than the 1952 investment.

Other governments, recognizing the need for stimulating capital investment in the interest of an expanding economy, have taken specific action to reduce the effect of double taxation. In 1949 Canada gave us an excellent example of the way economic progress can be hastened through a tax policy designed to stimulate capital investment. Canadians are aware of the importance of venture capital in a dynamic economy.

In 1948 the Hon. Douglas C. Abbott, Minister of Finance, said:

"It seems to me that, under a system of private enterprise which depends for its existence on a steady flow of venture capital, we cannot afford to neglect the implication of this defect [the double taxation of dividends] in our system, which has been accentuated by the increase in both corporate and personal income tax rates. . . . It is not a question of the immediate profit position of Canadian business because I think it is clear today that we in Canada are prosperous as never before. Rather it is a matter of concern for the future under a system where we depend, and must depend, for full employment and the creation of new wealth on the willingness of our people to risk their money in constructive enterprises."

The next year the Canadians initiated a ten per cent tax credit for individuals to be applied against dividends received. Canadian investors in all income brackets were permitted to figure the tax due on their total income and then deduct an amount equal to ten per cent of the dividends they had received during the year. By this means they were given partial relief from the double taxation of corporate profits. This they considered to be a first step in dealing with the problem.

The second step was taken in 1953 when Mr. Abbott proposed that the tax credit be increased from ten to 20 per cent. At the time he proposed the increase he explained:

"Canada is fortunate these days in

being able to attract enterprising foreign capital. This is desirable and we welcome it. At the same time, it would seem to be a good thing if Canadians were encouraged, where they can safely do so, to join in a wider participation of equity ownership in the expanding industrial wealth of our country. This dividend credit of 20 per cent should, I think, be of considerable assistance in encouraging our people to increase their stake in Canada's future."

This provision, which was put in effect July 1, eliminated double taxation entirely on earnings of small corporations with profits up to about \$20,000 and reduced the overlap substantially in the case of corporations with earnings well above that figure.

England, too, has recognized the need for some relief from double taxation. There the basic rate of the income tax is the same for both corporations and individuals. Income tax paid on corporate earnings is allowed as a tax credit to individual recipients of dividends. In the lower brackets of individual income this results in virtual elimination of double taxation. Persons in the higher



income brackets are subject to a surtax which ranges from ten per cent to 50 per cent and no deduction is allowed against this for corporate taxes paid on dividends.

When the first American income tax law was under consideration in 1913, Cordell Hull, then a member of the House Ways and Means Committee, said that "when the tax is first paid by the corporation out of its net earnings then the stockholder, who is to receive a dividend out of the earnings that have paid the tax, would not duplicate the tax by paying it again." He also said, "The amount received by the individual taxpayer from the net earnings of a corporation subject to like tax will not be embodied in his personal return of income for the purpose of the normal tax."

In line with this reasoning, every Revenue Act until 1936 provided a credit, in the case of individuals, against the normal tax to the extent of the dividends received from corporations. With the passage of the Revenue Act of 1936 this policy and practice were abandoned. There-



after no credit for dividends received was allowed to individuals against either the normal tax or the surtax. Constantly rising tax rates since then have seriously aggravated this problem. In 1936 the top rate on corporations was 15 per cent—today it is 52 per cent—not counting the added 30 per cent of the excess profits tax. For individuals the rates in 1936 ranged from eight per cent to 79 per cent with a \$3,000 exemption; today the range is from 22.2 per cent to 92 per cent and the exemption has been lowered to \$600.

Since 1936 pressure for alleviation of the double tax now imposed on corporate earnings has been constant. Hearings on every Revenue Act have been filled with argument against double taxation and plans to accomplish partial or complete elimination.

Throughout this period the Treasury has steadfastly opposed adoption of each proposal, although several spokesmen have acknowledged the need for reform and the inequity of the present law. Treasury opposition has been on two main counts, administrative complexity and revenue cost.

There is hope for the future, however. When Secretary of the Treasury Humphrey was asked about the problem of taxing earnings to corporations and dividends to individuals on a recent television discussion, he said, "I think that is double taxation and I think that as soon as we can afford to do so, there should be some relief in that regard. We can't do it all at once but I think as we go forward one of the things to be given careful consideration is some relief in that direction."

It is apparent that, to Mr. Humphrey, the key to the problem lies in the words "as soon as we can afford to do so." According to the Treasury, complete elimination of this overlapping of taxes would result in a revenue loss of about \$2,500,000,000. Other sources have contended that the initial cost would be less.

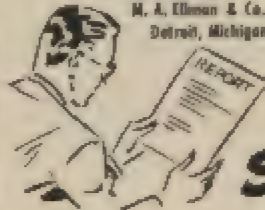
Regardless of the disagreement as to the initial cost of the action, there is general agreement that the stimulus given to American industry would, within a short time, wipe out the loss. Public awareness of the problem of double taxation has never been so keen and some first steps may be taken toward its solution during the major revisions of the Internal Revenue Code to be considered at the next session of Congress.

Even partial relief from the imposition of two taxes on the same income would go a long way toward eliminating an admitted inequity and strengthening our economic system.

END



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# Where junior saves like papa

By DALE KRAMER

*A nickel transaction gets serious attention  
at this savings association*



ONE AFTERNOON John Nutile, 11, emerged from a movie theater in Rutherford, N. J., with a sharp craving for an ice cream sundae. He had, after all, come over on the bus from his home in the adjoining industrial city of Lyndhurst for a bit of a spree. He counted his pocket resources and headed into a candy-soda store.

After climbing up on a fountain stool, John studied the colorful strips announcing all manner of exotic flavors and subtle concoctions. Finally he delivered a recipe of his own creation: a dip of coffee ice cream and a dip of vanilla covered with caramel and marshmallow syrups.

As the man got busy on the order, John added, "Better put some nuts on." John never enjoyed a sundae so much. And he had never faced anything quite like the thunderbolt which followed. Somewhere among the maze of flavors and prices he had

miscalculated. After paying up he was short five cents for carfare.

Outside, John stood on the curb and moodily took stock. He could hike the several miles, of course, but his parents would have a couple of hours of anxiety before his arrival.

Suddenly he set off at a fast trot for his savings institution. The time had come to draw, reluctant as he was to do it, on capital.

Inside the door of the Boiling Springs Savings Association, John hesitated. He had been in the spacious, polished, and yet homey institution on other occasions. But now he was without his passbook. He didn't know whether to go up to one of the tellers' windows or what.

While John hesitated he was spotted by W. P. Vogt, Jr., one of the officers, who from much experience knew that one of their 3,500-odd school savers had arrived on busi-

ness. The Boiling Springs Savings Association serves the public school systems of Lyndhurst, East Rutherford and Rutherford in addition to St. Mary's Parochial School of Rutherford. Mr. Vogt, who is a vice president and the treasurer and is in charge of the school savings plan, went to the railing and beckoned the boy to his desk.

"My name is John Nutile," said the boy. "I want to draw a nickel out of my account." Mr. Vogt, a slight, sandy-haired man with 27 years of experience behind him, started slightly but soon regained his composure.

"Certainly, John," he said, and after looking up the records gave him a withdrawal slip to fill out and sign.

In time the affair of the nickel became a kind of folk tale around Boiling Springs. But neither Mr. Vogt nor the teller had pried into their customer's private business, and it was not until John granted a recent interview to this reporter that the facts of the ice cream sundae debacle were known.

The incident was a striking illustration of a school savings plan which, if not unique, is at least uncommon.

In most systems all deposits and withdrawals are made at the school, with the participating savings institution providing special passbooks and other materials. The Boiling Springs plan goes further in that each school saver may add to his or her account during the school savings hours or at the Savings Association, as he chooses. He may also add to his account during the off-school season.

Any child who can sign his name is in full control of his account so far





PHOTOS BY JOE CONVELLO—BLACK STAR

*Needing a small sum in quick cash, John Nuttle, 11, turned to W. P. Vogt, Jr., of the Boiling Springs Savings Association*

*Students go down to the savings association to machine-post the entries on cards and passbooks*

as the officials of the Association and the New Jersey statutes are concerned. Once in a while, it is true, some child decides to withdraw his money and start life over in a distant clime.

In such a case, warned by distraught parents, the institution will flag the account and report the would-be runaway's arrival on the premises. But this interference with a customer's prerogatives occurs rarely.

The purpose of so much freedom and responsibility is, plainly enough, to give the child a thorough grounding in the ways of handling money. By high school graduation time, when his savings account moves automatically out of the school group to the regular account group, the youngster is familiar with banking methods. Moreover, his personal use of the Savings Association—in the manner of adults—has, by holding his interest, added to this incentive to save.

In the Boiling Springs plan student participation is carried a step further. After the receipts have been collected on "school savings day" in the classrooms by teachers or students, members of the commercial courses go down to the Savings Association and machine-post the entries on the ledger cards and in the savings account passbooks.

Usually there are four from each of the four school systems, with two seniors and two juniors to a crew. The idea is that in the next school year the holdovers will be able to help train newcomers in the use of the complicated posting machines employed. A crew generally can finish its job in half a day. By this method several students graduate







*Students get an introduction to business practices by serving as collectors of receipts on school savings days*

each year with practical experience—some have found jobs in the Savings Association—and the over-all student feeling of participation is increased.

The number of school savers and total account balances have increased greatly since the Association inaugurated its school-savings plan at the start of the 1942 school year. In the beginning it included only the Rutherford High School.

Rutherford, with a population of 18,000, lies about 30 minutes northwest of New York City in one of the heavily industrial sections of New Jersey. Rutherford, however, is not industrial, preferring to remain chiefly a residential community.

Many of its citizens commute to New York or to executive positions in the region. Its business houses, including the financial institutions, serve the adjoining industrial cities of East Rutherford, Lyndhurst, and Carlstadt, so that the Rutherford trading area comprises a population of some 52,000.

At the end of the first year of the plan's operation there were 253 accounts averaging \$7.53 for a total of \$1,906. The next three years saw an increase of the balances of school savings accounts to \$12,590.95, with 406 accounts averaging \$31.01. Then

the Rutherford grade schools came in, followed in 1948 by the Lyndhurst and the East Rutherford public school systems. Things began to hum.

By the end of 1949 the number of accounts had jumped to 3,336, with an average of \$21.45 and total balances of \$71,675.17. At the end of 1952 the total balance figure had more than doubled to \$158,422.53, mostly through the greater individual account balances, since the number of accounts had risen by only 19. In 1953 St. Mary's Parochial School of Rutherford joined the school savings system. Today the Savings Association serves 19 schools; seven in Rutherford, seven in Lyndhurst and five in East Rutherford.

The patterns of withdrawals on school savings accounts vary, as might be expected, according to age and the family's suggestions for budgeting expenditures. For instance, John Nutile, who proved himself a careful boy when he drew out exactly a nickel when he badly needed one, saves much of the \$1-a-week allowance his father, a roofing and siding worker, grants him.

Then a time comes when John sees something he wants very much. He puts a good deal of thought on

it, consults his parents, and withdraws from his account only the money he needs.

Another school saver who knows the value of money is Geraldine Hecking, aged nine. Twice each week the Borough of Rutherford comes to the door to pick up the garbage but leaves the empty cans at the curb. Geraldine totes the Hecking pails back to the house, and the five cents a week she gets for it she shoots into her account, along with most of her 35 cents weekly allowance.

Geraldine watches her money but she is not hardhearted. "When Mother isn't well I do housework free," she says. "For a whole year I couldn't bear to do dishes, and then one day I did and I liked it."

So far she hasn't touched her savings except to buy gifts for her parents and little brother. Her father, a construction engineer, has told her that the smart thing is to save for college, and she has been turning the advice over in her mind. She admits he has a strong point.

A large part of all student savings do go for college. Other major items are graduation expenses, Christmas gifts, and, among high school boys, jalopies.

As for the advantages to the savings institution, the officials of Boiling Springs Savings Association believe the extra work required in the plan pays off handsomely.

The president, M. K. M. (Mike) Murphy, outlines the advantages this way:

1. Community service. Since the thrift habit is fundamentally beneficial to all, the encouragement of it is a gain for the whole community.

2. Long-range public relations. By association with thousands of children, the savings institution is certain to retain good will and hold a large number of the young customers when they leave school.

3. Concept of the modern savings association. In the old days a financial institution was far too often regarded as cold. To break down this attitude, the Boiling Springs Savings Association concentrates on individual service.

Mr. Murphy himself has his desk nearest the entrance in order to be easily accessible.

Long strides toward establishing friendly relations are made through the school savings plan. Thousands of children thinking of the Savings Association as their financial institution is evidence enough that any atmosphere of aloofness has been dispelled. **END**



DO IT"



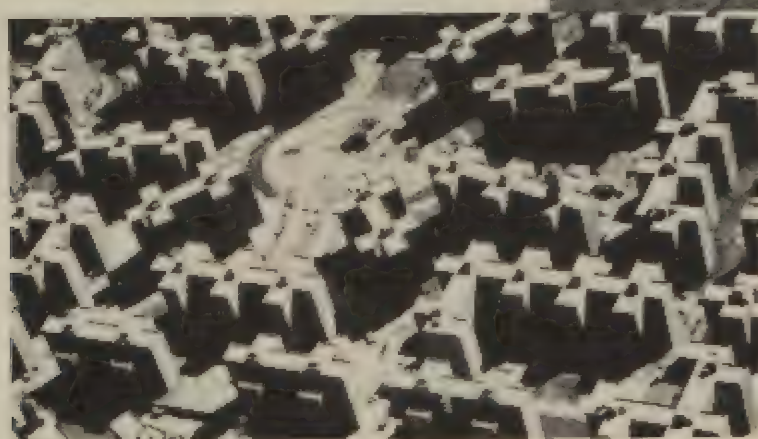
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## A BRITISH VISITOR'S VIEW OF THE UNITED STATES

**YOU ARE STRONGER  
THAN YOU THINK**



By **GEORGE SOLOVEYCHIK**

**F**OR MANY years I have been paying regular visits to the United States. So my impressions are not those of a casual visitor but of a steady and observant friend who, moreover, is in the habit of crossing this continent from coast to coast and from Canada to the southern boundary.

The vastness and the immensely varied character of the American scene have always presented an unusually large crop of contradictory facts and figures.

Even in bad times, there invariably have been encouraging signs in this or that specific industry or area while, in the more recent days of plenty, weak spots and alarming situations can still be found. It is all a question of where you are looking, and a perfectly honest statistician could prove almost anything by quoting perfectly incontrovertible evidence, carefully selected to suit his particular argument. So I have learned from personal experience that, when dealing with American affairs, it is as dangerous to general-

ize as it is to particularize, and that references to "the average" (his or "the average" that are apt to be highly misleading).

In spite of this I am still willing to stick my neck out and declare that I find the American economy amazingly strong—much stronger, in fact, than many Americans realize or seem to admit.

This strength resides in a great variety of factors. First of all, there is the basic, structural strength of the American continent. It is also a unique factor of strength in the world of today to have a continent which has not suffered in any way through the two world wars in which it participated—no devastation, no ravages, no destruction; no social upheavals, revolutions, or other violent changes of the states' general framework and, despite the recent election, considerable political continuity.

Not less important is the fact that, with the solitary exception of Canada, the United States is the only country—or at any rate the only white man's country—where

new wealth is being created and is being created at a truly breath-taking tempo.

In Europe, on the other hand, the accumulated wealth of centuries has been largely destroyed by the two world wars, the 20-year crisis that separated the second one from the first, and by every other kind of disaster—whether the act of God or the stupidity and wickedness of men. Such wealth as has not been wiped out in past decades is now being consumed or liquidated through sheer necessity. Only a few countries indeed—like Switzerland, which constitutes a shining exception to the rule—manage to wage a successful struggle for the preservation and safeguarding of what they have got.

In the past four months I had the occasion to travel some 15,000 miles in the United States and I am impressed with the rapid economic growth of the cities and regions I visited. This is particularly true of the South, stretching the whole way from east to west. Florida, Louisiana, Texas and California, or Ten-



nesses—in all these places I have seen prosperity spout out of the ground almost under my own eyes.

Whenever I looked, I found staggering evidence of rapid economic development. At the same time—and this is important—the saturation point is as yet far from being reached.

One of the reasons why I think the American economy is strong is precisely because of the vast reservoir of potentialities, possibilities, and even necessities for further developing, adjusting, and improving this country. This should constitute a profitable and constructive outlet for technical ingenuity, investment, and every other form of productive human activity for generations to come.

Despite the great wealth already created; despite the many achievements that deserve full praise and recognition, a shocking backlog of things that call for urgent action remains. Slums must be cleaned up. Housing developments of every conceivable variety, schools, hospitals, roads, and even common sanitation, are among the most urgent "must" items—or should be—on any American program.

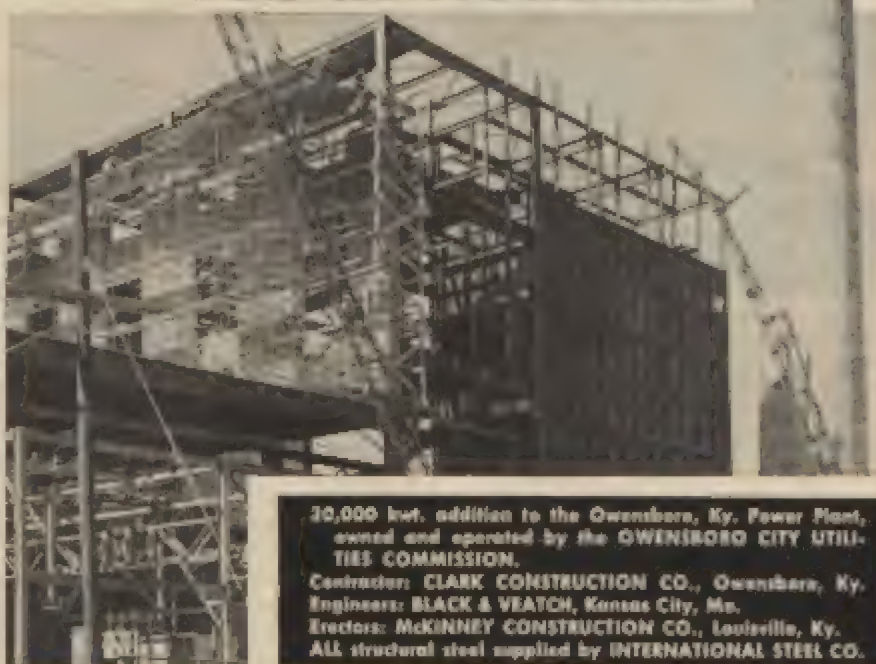
If this nation wants to enjoy what it is pleased to call the American way of life or standard of living—it has a long way to go before it can sit back and complacently contemplate its record.

Finally, among the basic factors of strength it is necessary to stress the rapid growth of the population and the improved conditions of citizens. More people means not only a greater labor force but also more consumers. Better education, better nutrition and health standards are a tremendous economic asset. People are constantly moving up to higher income brackets, but they still have a long way to go if the average family income is some \$3,300 a year.

It seems to me that this figure could easily be doubled and yet leave a substantial margin of unsatisfied requirements. It just is not true, as so many Europeans imagine or so many Americans choose to accept for a fact, that every family in the United States lives in comfort or even affluence—with nothing further to spend its money on except unnecessary gadgets or luxuries. With an improved standard of living a lot of things which only yesterday could be classified under these two headings are now considered as absolute necessities and this process is bound to go on.

That there still must be lots of people in America with incomes far below the \$3,300 average is obvious enough. But the fact remains that

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more than 50,000,000 men and women enjoying steady employment and earning good money is an element of strength which cannot be too highly estimated—even if such a state of affairs may not last forever.

Certainly the visitor can see no portent of failure on the American scene.

Why, then, are so many people in the United States feeling jittery and why is the possibility of a recession a constant topic of conversation? Pessimists speak of the proposed reduction of armament spending, of overproduction in certain industries (like automobiles, for instance), of the tighter monetary policy pursued by the new administration as possible causes of a slump. Finally, there is reported to be a serious lack of confidence mainly as the result of both domestic and foreign politics.

Stalin's death and Moscow's latest peace offensive, as well as a lamentable tension between America and her west European allies, have not merely added to the general confusion but have unleashed a new outburst of pessimism. This is by no means limited to the stock exchange, whose antics are never a good standard by which to judge the mood of the nation. But there are sufficient indications that certain sections of the community do not know which they are more afraid of: war or peace.

Now a fundamental pillar of support of a strong economy is confidence: confidence not only in the stability of the nation's money and its purchasing power, but also in the durability, the efficiency and the integrity of the political system. If a large number of citizens firmly believes that the framework within which the nation lives is evil or threatened by incompetence at the top or is disintegrating, soon consumers begin to ask themselves whether the process of disintegration has not reached a point beyond repair.

In wartime the spreading of defeatism and despondency is a criminal offense. What is the continuous undermining of confidence in peacetime or during a cold war?

The defamation of America by Americans is odd when one bears in mind the traditional self-assertiveness of this nation. Next to the undermining of political confidence, there also seems to be a curious lack of faith in the self-stabilizing processes and inherent strength of a free economy. People who have been crying for years that the Government should be out of business and should curtail public spending as well as balance the budget, raise an even louder outcry when the Government

takes the first hesitant steps in that direction.

If the farmers want continued price supports, or merchants and industrialists protective tariffs, while financiers fear the effects of conservative finance, there is not much chance of reduced taxation and less government interference in the affairs of the business community, which nowadays includes those engaged in agriculture. One man's loss used to be another man's profit. Is no one ever to take losses these days except the state?

Private enterprise surely postulates the willingness to take risks. This means fluctuations in the level of business instead of a guaranteed, government-made inflationary boom and price supports out of the taxpayer's pocket; this means suspension, or at least curtailment of uneconomic production; this means relearning better salesmanship, advertising and promotion; this means a buyer's market with strong competition for the public's patronage; this means not only technical know-how, but also drive and ingenuity and confidence in oneself and one's country.



The facts of the American economy point toward a superb confidence. Why, then, the self-contradictions and the jitters? The answer to this question can be more easily provided by a psychological analyst than by an economic one. Psychosomatic medicine speaks of the relation between disturbed emotions and physical ills, and quite likely, a prolonged state of economic worry could induce an economic crisis. What would a physician say to an individual who came to him as a patient in a situation like this? If she were a Park Avenue dowager, he would probably suggest that she visit a European spa and take a rest. But to himself he might say, "I'd like to be able to take it as easy."

If any country has no need, not even the right, to worry it is the United States. The American economy is stronger than the nation seems to think. But no economy can stand up to the public's emotions and if a sufficient number of citizens make up their minds that a depression is unavoidable, there is nothing that can prevent ruin. **END**



## Here's What Labor Wants Next

(Continued from page 33)

when the first known labor-management agreement of this sort was reached in the wallpaper industry. So-called guaranteed annual wage agreements of one sort or another have been in effect ever since, though many of them went under in the depression of the '30's. Both proponents and opponents of the theory generally agree that early New Deal labor legislation encouraged a revival of interest. For instance, the Fair Labor Standards Act of 1938 encouraged year-round wage guarantees by offering certain exemptions from overtime wage penalties to employers who gave their workers such contracts. The trend was further advanced when governmental policies strengthened organized labor's position during World War II.

Despite these and other encouragements, the movement did not catch fire. A 1946 study by the Labor Department's Bureau of Labor Statistics disclosed that 151 once operative plans had been abandoned, while 196 were known, as of that time, to be in effect. These 196 plans affected only 61,000 workers—less than one per cent of the total labor force. There were wide disparities in the types of plans, though BLS reported that approximately two thirds of the arrangements did guarantee full-time employment. The Bureau also noted that employers were accomplishing "far greater" results in stabilizing full-time employment through voluntary management policies than through contracts.

About a year ago another BLS study disclosed a downward trend.

"Definite guarantees of employment or wages," it concluded, "have not been incorporated in collective agreements to a significant extent." Of a "sample" of 2,590 collective bargaining agreements analyzed, it found only 184, or seven per cent, which "provided for a guarantee of any type." Of these 184, it further said, only 20 (affecting 12,000 workers) could be remotely considered as guaranteeing work on an annual basis or even a substantial part of the year. Most of the 184 plans—including some of the 20 so-called "annual guarantees"—were so hedged in with special provisos as to become largely meaningless.

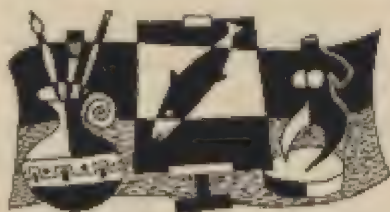
Significantly, with the CIO girding itself to pump new life in the drive, the Bureau now has begun to collect new intelligence on the status of guaranteed wage plans.

Three plans in the United States

have become "showpieces." These are the ones which have been operated successfully for some years by George A. Hormel & Company (meat packers) of Austin, Minn.; Procter & Gamble (soap and fats), Cincinnati, and Nunn-Bush (shoes), Milwaukee. Dr. A. D. H. Kaplan, in his book, "The Guarantee of Annual Wages," published by the Brookings Institution, called the Hormel plan "the nearest approach to an unconditional guarantee of regular weekly income."

Ironically, when the head of the Hormel firm conceived his plan and offered it to the workers, his CIO local actually called a strike, partly in protest of the plan, because they were suspicious of it. Now, however, they like it, and a leader of the Hormel local (CIO) has been quoted as saying that the union would strike "if they tried to take it away from us."

The Hormel plan is an elaborate, many-faceted system. The company



points out that it divides itself into four distinct parts, which it calls "the annual wage, incentive pay, joint earnings and profit-sharing trust" for employees.

The "nut" of the plan, in so far as job security is concerned, is that Hormel's approximately 4,000 employees are paid on a weekly basis and are guaranteed 52 weeks' notice before they are laid off.

Could a "Utopian" Hormel-type plan, coming close to guaranteeing full-time employment and wages, be adapted to big industry, and would CIO leaders accept it if such offers emanated from management, as the Hormel plan did? Arthur Goldberg, general counsel for both the CIO and the Steelworkers, states that the Hormel plan would not work with big industry. (There is an unspoken recognition in labor's attitude that it simply isn't feasible with an industry whose employees number not thousands, but hundreds of thousands.)

Anyhow, CIO leaders make it generally plain that they have their sights set on something else. As for how the CIO might react if handed

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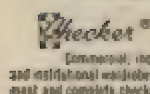
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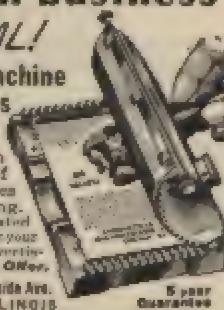
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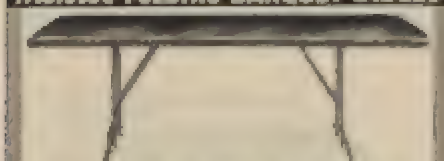
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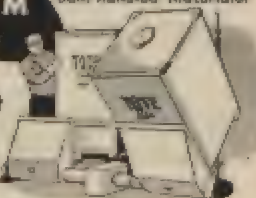
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such a plan as a gift of management, Dr. Kaplan quotes a labor leader "whose name must be withheld" as follows:

"... I wouldn't like to see the Hormel plan spread to our other CIO locals. The men in the plant mostly take what Hormel worked out for them, so there isn't much that we can build up for our men to fight for, to keep up interest in the union. If we sign any more annual wage agreements, they'd better be union made, instead of taking only what the management would do anyway."

Another contentious point is a feature of the Hormel and some other established plans, enabling the companies, in slack times, to transfer workers outside of their customary departments—for example, to set a machine operator to driving a truck. Obviously, an employer paying a worker wants to get some use out of him. Important CIO spokesmen assert flatly that they "never" will accept this job transfer principle in any plan for "big" industry.

The pattern of the impending collision between labor and management began to take definite form as far back as December, 1943, when the United Steelworkers, CIO, asked that workers be guaranteed 40 hours straight-time each week on a year-round basis. When the companies rejected the demand, the union appealed to the National War Labor Board. The Board declined to order

a wage guarantee, but recommended to the late President Roosevelt that he appoint a committee to study the subject. This led to issuance in January, 1947, of the voluminous Latimer Report. This document, while pointing out what the authors considered the many desirable—also a number of undesirable—aspects of guaranteed wage plans suggested, in effect, that they should come about through mutual agreement and not by legislative fiat.

Labor apparently approved the general tenor of the government-financed study, for Murray W. Latimer, research director for the project, since has been retained as an industrial relations consultant for the United Steelworkers. He was the author of the union's subsequent proposal, "A Guaranteed Wage Plan for the Workers in the Steel Industry."

The Steelworkers lost their first round, but the battle lines were drawn. In this period, labor's thinking and strategy began to evolve. At first, it was an uncomplex proposition. As the late Philip Murray, then chief of both the CIO and the Steelworkers, expressed himself:

"... Reduced to a simple formula ... the union suggests that management be required to give workers 40 hours work each week for 52 weeks—arriving at a figure of 2,080 hours ... multiplied by whatever is the individual's hourly rate. For each week ... that the employee, for rea-



"We've just become pedestrians"



sions beyond his control, does not receive a sum equal to this minimum amount, the company shall make up the difference."

In 1950, the Steelworkers tried again. This time it was a modified demand—in essence, the equivalent of 30 weeks of pay for workers with certain seniority. Again the request was denied—this time by the Wage Stabilization Board.

Now the unions are presenting their case, not so much as a guaranteed annual wage proposition, but as a supplement to state unemployment compensation benefits, which the union leaders contend are too low. Business economists parry this argument by saying that unemployment compensation—never was intended as a substitute for wages; it is a subsistence to keep body and soul alive until the unemployed worker finds a new job.

"If unemployment compensation becomes a substitute for even three fifths of a man's salary," one independent economist observed, "the question arises as to whether it will destroy the worker's incentive to seek new employment. At what point will he become content to draw his checks and drift?"

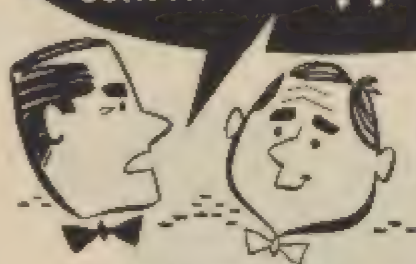
But the union leaders have their own arguments and counterarguments—some presented as economic formulas, others as frankly emotional appeals. They speak persuasively, for instance, to the point that business itself suffers when workers, who are consumers, are laid off in large numbers. They also assail what they consider the injustice of laying off an industrial worker on one day's notice, whereas white-collar workers have greater job security—always a sore point with labor.

Already—almost a year before the first big test in the steel industry is due, listeners in the wings can detect certain overtones emerging from the cacophonous tune up, and it does not sound like any prelude to a symphony of harmony.

Fortunately, there are cool heads on both sides—labor and management. One high-placed steel official commented that "we are preparing to study the idea and give it full consideration."

The late Philip Murray used to discuss the issue with less heat than his brethren in the UAW ranks, and David J. McDonald, who succeeded Mr. Murray as head of the Steelworkers union, was similarly circumspect in discussing his union's attitude with me. He spoke earnestly in favor of the plan, and declared, "We're very serious about it," but

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## WILL YOU SMOKE MY NEW KIND OF PIPE 30 Days at My Risk?

By E. A. CAREY

All I want is your name so I can write and tell you why I'm willing to send you my pipe for 30 days smoking without a cent of risk on your part.



My new pipe is not a new model, not a new style, not a new gadget, not an improvement on old style pipes. It is the first pipe in the world to use an ENTIRELY NEW PRINCIPLE for giving unadulterated pleasure to pipe smokers.

I've been a pipe smoker for 30 years—always looking for the ideal pipe—buying all the disappointing gadgets—never finding a single, solitary pipe that would smoke hour after hour, day after day, without bitterness, bite, or sludge.

With considerable doubt, I decided to work out something for myself. After months of experimenting and scores of disappointments, suddenly, almost by accident, I discovered how to harness four great natural laws to give me everything I wanted in a pipe. It didn't require any "breaking in." From the first puff it smoked cool—it smoked mild. It smoked right down to the last bit of tobacco without bite. It never has to be "rested". AND it never has to be cleaned! Yet it is utterly impossible for you or sludge to reach your tongue, because my invention disposes the goo as it forms!

You might expect all this to require a complicated mechanical gadget, but when you see it, the most surprising thing will be that I've done all this in a pipe that looks like any of the finest conventional pipes.

The claims I could make for this new principle in tobacco enjoyment are so spectacular that no pipe smoker would believe them. So, since "seeing is believing", I also say "Smoking is convincing" and I want to send you one Carey pipe to smoke 30 days at my risk. At the end of that time, if you're willing to give up your Carey Pipe, simply break it to bits—and return it to me—the trial has cost you nothing.

Please send me your name today. The coupon or a postal card will do. I'll send you absolutely free my complete trial offer so you can decide for yourself whether or not my pipe-smoking friends are right when they say the Carey Pipe is the greatest smoking invention ever patented. Send your name today. As one pipe smoker to another, I'll guarantee you the surprise of your life, FREE. Write E. A. Carey, 1920 Sunnyside Ave., Dept. 99, Chicago 40, Illinois.

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What are the big differences between the various type of resilient floors?

How can the right flooring increase production... reduce accidents in the factory areas?

Which floors resist greases and oils most effectively... for the longest time?

How can Kentile "quality" provide important economies in new construction... remodeling?

demurred from issuing any warnings or making any predictions as to what might happen.

Another hopeful portent—this one from the more volatile UAW camp—was the appointment by the Auto Workers union of an advisory committee of ten economists, drawn from the faculties of leading universities and colleges in the United States and Canada. President Reuther said he counts on the committee to supply the UAW with the "best advice" on which to base a long-range economic program that will include a guaranteed annual wage plan. The economists already are at work, and another meeting is planned for September.

The attitude of the AFL, which has had less to say on the subject, still reflects in general the viewpoint of its late president, William Green. He regarded guaranteed annual

"Individuals and businesses should be permitted the opportunity for reward in proportion to the excellence of their service to society."

—Leland I. Doan

wages as a workable and sometimes desirable plan, but he also warned that it was no "magic formula" and that it was "not applicable in all situations."

Mr. Green opposed imposition of wage guarantees by government mandate, viewing the goal instead as part of a broad economic program that should be adopted "on a voluntary, not a compulsory basis."

It is interesting, and possibly of some significance, that high-placed Federation spokesmen today will gently kid CIO leaders (unionism is not a kidding business) about some of their more explosive utterances. "Walter (Reuther) talks about people not eating by the hour but by the year," an AFL official remarked in a pointed jest. "Actually, people don't eat by the year; they eat all their lives, and that's what you've got to keep in mind."

In this troubled situation, there still is hope for labor-management peace. Possibly, when the chips are down on the collective bargaining table next spring, practicality may replace oratory, and the cooler heads may prevail. If so, the public and the nation will benefit, because taking all elements into consideration, when the forces of a bitter, violent, costly industrial dispute are unleashed, nobody ever wins a total victory.

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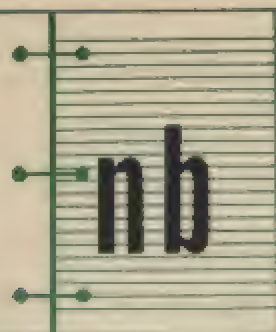


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# nb notebook

## Businesses that tempt newcomers

THE AMERICAN spirit of initiative—the desire for independence in business, big or small—keeps on growing, according to the New York State Department of Commerce.

The Department, set up to offer special services and personal counsel to those in business or seeking to get into business, has recently tabulated the requests for information received in the first quarter of this year. Of these, 300 were from people wanting to set up businesses of their own.

The fields which tempted the newcomers included doll repair service, tourist homes, photography, insurance brokerage, retail egg business, auto wrecking, breeding quail, bowling alleys, soft drink manufacture, self-service laundry, candy making, supermarket, travel agency, women's ready-to-wear, junk, and frozen custard manufacture.

## Tomorrow's customers today

IN THE farming country of east-central Minnesota, White's Our Own Hardware is proving that children—who, everybody agrees, are the customers of tomorrow—are actually very reliable customers today.

This "what are we waiting for?" attitude started when a little girl bought a pin-up lamp and wanted to charge it. When asked the name of her father or mother, she suggested, "Can't you just charge it to me? It's for mother's birthday so I don't want to charge it to her."

She added, "I get my allowance tomorrow and I'll pay you then."

So the store charged it in her name. She paid the bill promptly. Later her brother asked the same privilege under similar circumstances. The store granted it.

Soon other youngsters were charging not only gifts, but baseballs, puzzles and toys.

"These accounts are small," Mrs. Adella G. White says, "but we spend no postage sending statements. Usually the child comes in within a week and pays. If not, we remind him courteously sometime when he is in the store."

"We realize that this technique would not work in a city store but in a small town we feel that when Johnnie grows up and wants to buy appliances for his home he'll come first to the store where he has found cheerful credit extended since his days of buying toy tractors."

"We have a few accounts on our books which are apparently uncollectible—but not one of these is a child's account."

## Note on the national honesty

TO SAVE its patrons the irritation of waiting in line for parking meter change and, incidentally to save tellers' time, the First National Bank of Clifton Forge, Va., placed \$5 in small coins in a bowl in the lobby and invited customers to make their own change.

By the end of the first year the fund had grown to \$5.69.

Bank officials believe the profit resulted because patrons who find themselves with only large bills help themselves and, perhaps forgetting how much they took, later toss in whatever change seems reasonable.

But, even if the fund had shown a consistent loss, Pres. J. C. Carpenter believes it would have been worth the cost as a public relations gesture.

## Advice too firefighters

SMOKEY STOVER, Bill Holman's comic strip fireman whose persistent puns and bizarre equipment have won a solid Sunday supplement following, has finally joined the nation's serious firefighters.

The National Fire Protection Association has enlisted him as an active teacher of fire safety methods. They've done this by way of a 16 page comic book which they hope business houses, trade associations, manufacturers, schools and others will distribute where it will do the most good. The books are printed with the back page blank, so that those who distribute them may print their own messages there.

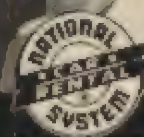
The comic book format for serious teaching is not new, but the Holman

*Salesmen  
can go farther, faster  
with a Rented Car*

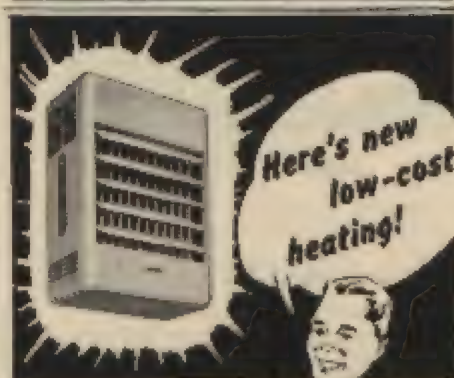
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SEND your new address at least 30 days before the date of the issue with which it is to take effect. Tear address label off magazine and send it with your new address. The Post Office will not forward copies unless you provide extra postage. Duplicate copies cannot be sent.

### NATION'S BUSINESS

1615 H Street, N. W.  
Washington 6, D. C.

venture seems to represent a change of pace because Smokey Stover does his teaching without giving up his puns—"cleaning clothes with gasoline is a fuelish thing to do"—or altering his slap-dash methods.

The book is designed for kids but we had to plow through a circle of clamorous adults to look at a copy. The National Fire Protection Association, 60 Batterymarch Street, Boston, will gladly give details of distribution plans.

## Night school pays off

DR. G. ROWLAND COLLINS, the dean of New York University's School of Commerce, Accounts and Finance, was reminiscing the other day about the businessman's changed thinking in respect to formal education for employees.

"Twenty years ago," he said, "many employers refused to hire men and women attending evening college sessions because they felt classes interfered with overtime work and were a drain on energy which otherwise would be given to the job."

"Today, company experiences prove that, far from draining an employee's energy, evening classes actually spark his enthusiasm and create new interest in his job."

Apparently executives agree with this view. At least 24 per cent of the 342 companies represented in the school's evening classes are helping pay employees' tuition costs—and getting their money's worth.

"Our records show," Dean Collins adds, "that the percentage of honor students is greater in the evening session than in the day."

Some concerns pay all their employee's tuition costs up to a certain maximum; others pay for texts and supplies as well as tuition.

A few pay according to the grades the students receive and one, which pays no tuition, shows its sympathy for the employees' educational aim by providing supper money.

## 148,000,000 phone calls a day

"IT IS conceivable that cables of telephone wires could be laid underground or suspended overhead, communicating with private dwellings, countinghouses, shops, manufacturing plants. . . . Not only so, but I believe, in the future, wires will unite different cities and a man in one part of the country may communicate by word of mouth with another in a distant place."

When Alexander Graham Bell wrote those words to a group of investors in 1878, some among them, no doubt, thought the man was out

of his head. Obviously a few took a chance or today A.T.&T. shareholders would not number more than 1,200,000.

But it is interesting to speculate how even those whom he convinced would have reacted if he had gone on:

"By 1953 some 48,000,000 telephones will be operating as well as 222,000 miles of radio transmission circuits, 65,000 teletypewriters, and more than 122 television stations will be served by Bell System lines; telephone conversations will total 148,000,000 a day and some 700,000 employees will be working in 21 operating Bell Companies."

## Porterville looks ahead

THE DIRECTORS of the Porterville, Calif., Chamber of Commerce, have no quarrel with change but hereafter they will meet around a conference table which the Chamber's manager, Joe E. Elliott, estimates will last them 30 centuries.

He bases that guess on the fact that the wood of the table is already about that old.

The top of the new table, 15 feet long and three feet wide, is a finished plank, more than three inches thick and highly polished. The legs are solid pieces of redwood, three inches thick. The solid support between the legs is about 14 inches wide and three inches thick.

The table is made from a fallen log of the *Sequoia gigantea* which Mr. Elliott found in the Redwood Corral area of the Tule River Indian Reservation. Growth rings indicate that the tree was a seedling some 1,000 years before the birth of Christ and surrounding leaf mold and soil indicate that it probably fell in a storm some time before the Pilgrims landed in this country.

Mr. Elliott bought the log and had the timbers sawed at the Harbor Box and Lumber Company mill at Springville.

## Cheesedom's "mighty mite"

THE PRICE of the cheese you had for lunch was probably established by what happened on a Friday morning in Plymouth, Wis.

Plymouth has long been the home of the Wisconsin Cheese Exchange, an organization that is to cheese what the New York Stock Exchange is to stocks.

The volume of trading there is actually small compared to the total cheese sales throughout the country, but the impact of free trading makes the Exchange important.

Men who buy and sell there know their markets and the prices they



accept or pay have proven to be an accurate index of the value of cheese at the time of the trade.

The Exchange itself is a plain room with a "board" where bids and offers are listed, some folding chairs and ten telephone booths. Trading opens each Friday morning at 10 o'clock, closes at 10:30 usually. However, on brisk days, a five-minute extension may be granted. A carload of 24,000 pounds is the smallest unit handled.

The volume of business on a given day is impossible to predict. At one session 81 carloads, valued at \$750,000 changed hands, while at some sessions not a single carload has been sold.

But, regardless of volume, when cheese dealers want to determine a price, they look up the most recent quotations of the Wisconsin Cheese Exchange, the "mighty mite" of the cheese world.

### Sabres carry the mail

IN JAPAN, taking the wraps off a jet fighter plane came to be like opening a gift package.

F-86 Sabres were prepared at McClellan Air Force Base in California for shipment overseas.

Each craft was covered with a cocoon of plastic material to protect it from the rigors of a trip on an aircraft carrier deck.

At the Far Eastern port, the wrapping was pulled off and the plane made ready to join the United Nations forces.

In the peeling operation, airmen learned to remove first the plug which sealed the tail pipe of the jet engine.

The tail pipe, the airmen found out, might be stuffed with discarded magazines.

It was a way the personnel back in California had of sending current reading material to our servicemen overseas.

### Even a safe wasn't safe

WHEN General Electric's Carboly Department boasted that its new masonry drill will cut through concrete, plaster and brick with "smooth, effortless precision," it apparently made an anonymous convert in Garvey, Calif.

He drilled the concrete foundations from under a number of floor safes with what the local police described as "effortless precision," and went away with the contents of the safes.

The police got in touch with the company—which recommended the addition of steel bars in the concrete foundations.



## Pete Progress and the man who was all wound up

"Hey, mister," said the man, "would you mind untangling me?"

"Not at all," said Pete Progress. "How come you got in such shape?"

"Only way to keep from getting lost," said the man. "Always carry a big ball of yarn so I can get back where I started." "Where's that?" asked Pete, undoing a granny knot in the yarn.

"Place called the Chamber of Commerce," answered the man. "Looks like there's something going on there all the time."

"You bet there is," said Pete, warming up to his favorite subject. "The Chamber is made up of active forward-look-

ing businessmen who believe that it's more rewarding to give than to take. Same way all over the country. Chambers are always doing things to benefit their communities, like getting better recreational facilities, bringing in new industries, solving transportation problems, shining up civic buildings, watching over police and fire protection, give —"

"Say, mister," interrupted the man.

"Yes?" asked Pete.

"You sure don't need any ball of yarn," said the man, heading in the direction of the Chamber. "You're plenty wound up already."

Your chamber of commerce has a lot to do, too. Are you ready to help?







## SMARTER THAN PEOPLE

**W**HEN Gleco, the Troglodyte, discovered a vein of pretty pebbles and found that neighboring cavemen would accept them in exchange for meat, he had done more than free himself from the labors of the chase. He had invented money.

If he exchanged his pebbles so rapidly that his tribesmen lost the desire for them, he also invented inflation. If Gleco learned anything from this, the knowledge died with him because posterity, which has accepted money as a tool vital to its progress, periodically has to learn the lesson of inflation all over again.

This is not because succeeding generations are unaware of inflation. They know its dangers and they talk earnestly of "sound money" as the way to avoid them. But "sound money" seems hard to define.

"If," an iconoclast said, "you asked 20 economists and 20 bankers 'what is sound money?' you would get 40 different answers. If you asked 'what is sound money policy?' you would get not quite so many."

This confusion comes from the fact that men some-

times find it expedient to set money at tasks it isn't qualified—or simply doesn't want—to do.

Money is stubborn and full of pride. Left to itself, money—be it Gleco's pretty pebbles, or colored beads, or beaver skins, or precious metal or printed paper—is honest, and history is strewn with the bones of currencies that preferred death to dishonor.

Emperors who shaved their coins, kings who debased them, finance ministers who ran the printing presses, all have found that—asked to participate in such dishonest schemes—money simply refused to work. In each case the economy dependent on that currency had to be rebuilt.

Today, we like to think, we are too wise to undertake this kind of manipulation.

But the increasing complications of modern life constantly open up new fields of monetary adventure. Such things as deficit spending, social security, installment buying, parity prices, insurance, pensions, savings accounts, government loans, give money new job opportunities and invite men to tell money how it should do those jobs.

In accepting these invitations men need to remember that money is smarter than people.

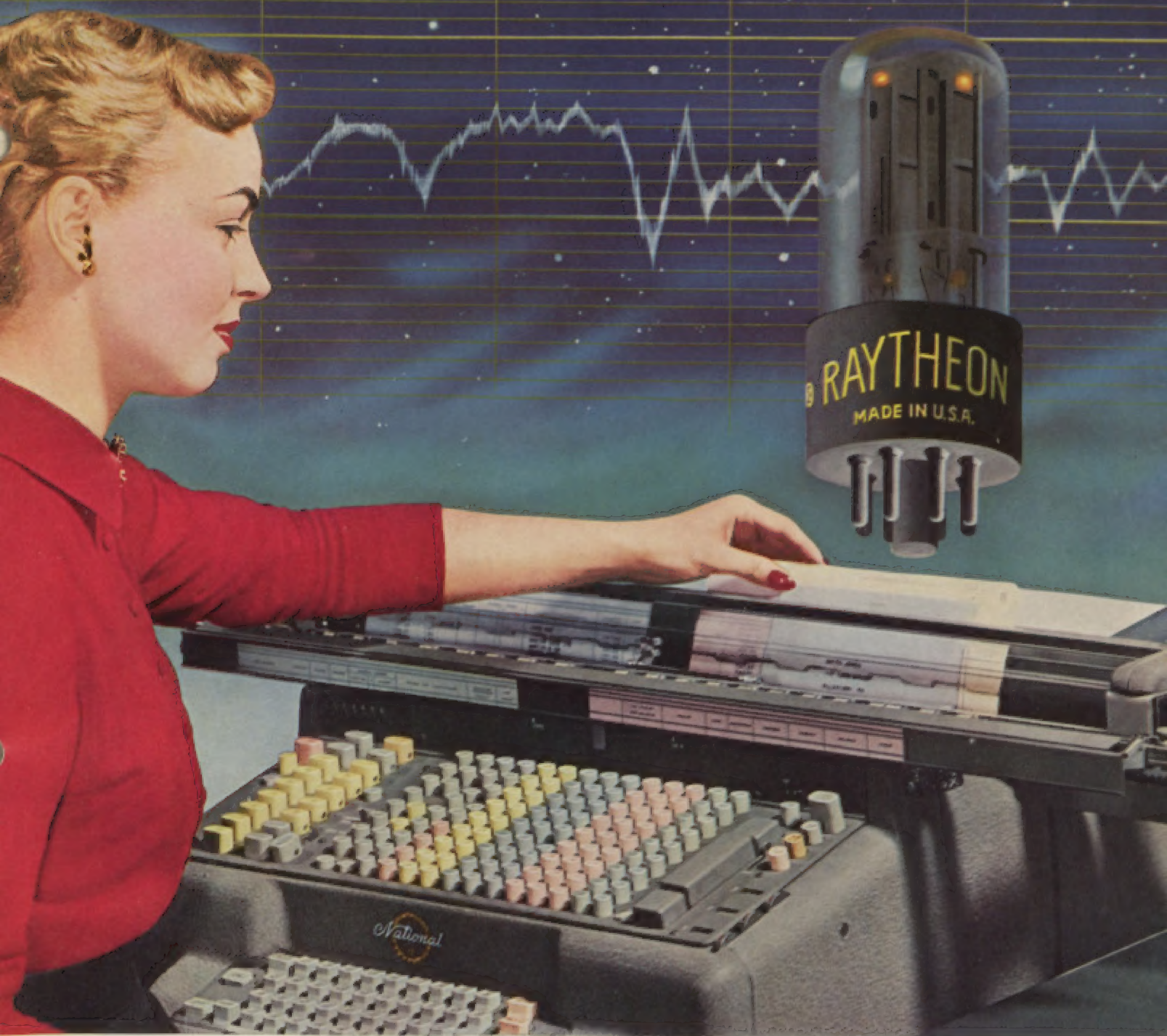
When, during World War II, the federal Administration determined to hold down the interest rate on government bonds—thus, in effect, holding down all interest rates—the result was to create vast new demand deposits which increased the country's money supply as surely as running the printing presses would have increased it.

It was inevitable that this expanding money supply should cause money to decrease in value, prices to rise. In that direction lies inflation.

The recent action unpegging the bond market and letting money seek its own level provides the condition—free from artificial restraints—under which money works best.

It will not free men from the need to use money wisely, remembering that it is a medium of exchange—and not a social instrument.





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*"Excellence in Electronics"*

"We use National Accounting Machines on both Accounts Receivable and Accounts Payable. Because of their many automatic features and other advantages, our Nationals save us their cost every year, thus returning about 100% annually on the investment.

"Nationals' ease and simplicity of

operation have simplified the training of operators. Furthermore, operators are happier because they accomplish their work with less effort."

*C.F. Adams Jr.* President

RAYTHEON — largest maker of marine radar, leading supplier of radio and television tubes, producer of electronic equipment for government, industry and the home.

Regardless of the type of your business, there is a National System that cuts costs, pays for itself out of the money it saves, then continues savings as handsome annual profit. Let your nearby National representative show what *you* can save with the National Accounting Machine, National Cash Register or National Adding Machine suited to *your* needs.

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Look! No bulbs, no batteries, no costly current...



Yet, this sign sells ALL day in clear, natural color...



And sells ALL NIGHT, too, in brilliant reflective color!



Ordinary signs  
LOAF ALL NIGHT!



Illuminated signs  
COST ALL NIGHT!



Reflectorized signs  
SELL ALL NIGHT on  
BORROWED LIGHT!



You double the sell of your  
outdoor advertising signs with

Reg. U. S. Pat. Off.

# SCOTCHLITE

BRAND

REFLECTIVE SHEETING

**MINIATURE  
SIGN FREE!**

See how "Scotchlite" Sheeting re-  
produces advertising messages in  
full-color brilliance day and night.  
Write today, no obligation.

MINNESOTA MINING & MFG. CO.  
Dept. N9, St. Paul 6, Minn.

NAME .....

COMPANY .....

ADDRESS .....

CITY ..... ZONE ..... STATE .....



Signs Like These Sell 24 Hours a Day!

Made in U. S. A. by Minnesota Mining & Mfg. Co., St. Paul 6, Minn. — also makers of "Scotch" Brand Pressure-Sensitive Tapes, "Scotch" Sound Recording Tapes, "Underseal" Rubberized Coating, "Safety-Walk" Non-slip Surfacing, "3M" Abrasives, "3M" Adhesives. General Export: 122 E. 42nd St., New York 17, N. Y. In Canada: London, Ont., Can.





